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# West Europe Report

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10 September 1984

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## PAPELL COUNSELS PARLIAMENTARY RESOLUTION TO NATO ISSUE

Madrid DIARIO 16 in Spanish 13 Aug 84 p 2

[Commentary by Antonio Papell]

[Text] The curious grouping of heterogeneous forces that is the "board for a referendum" on whether or not Spain continues to be a member of NATO proposes, among other things, that the question to be put to the nation in the announced plebiscite be clear and direct, so that every citizen can choose between membership or no membership.

With this apparently absurd request—it could appear that what really matters is that the referendum take place, since whatever question is asked can be considered obvious—the goal is to thwart any demagogic manipulation of the problem. In fact, the Spanish Socialist Workers Party (PSOE) is committed to calling the referendum because it solemnly promised to do so during the electoral campaign that led to the tremendous victory it is now basking in; the responsibility for pulling the actual strings of power, however, has convinced the PSOE that abandoning the Alliance would place us in a very precarious situation, verging on the abyss of isolation and even on the collapse of democratic institutions. This contradiction, in the view of the wise opponents of NATO—and not without reason—could prompt the Socialist Party to try to dilute the referendum, making it a plebiscite in which the country is asked to give its stamp of approval for an entire foreign policy that would include remaining in NATO under the present circumstances, which does not mean full-fledged membership.

A casual observer might conclude, then, that the small forces convened by Mr Tamames are trying to head off demagoguery. But a slightly deeper analysis convinces one that demagoguery is at its zenith when such a complex and important question is put to the people in the form of a simple yes or no choice. Indeed, an honest formulation of the question would not be a choice between two simple extremes, but a choice among all the direct and indirect repercussions that each option entails.

One of the most common forms of demagoguery is precisely the biased simplification of issues and problems. When a dictator provides a choice between himself and the deluge, as Franco did several times, it is almost certain that the public is going to prefer the autocrat. By the same token, if trivial

alternatives are offered, pitting one possible option against another absurd one, the response will have no democratic value, no matter how well the formal requisites of direct democracy have been met. For example, if Spanish or any other citizens are asked if they want to pay taxes or not, they will probably opt not to pay. Now, if it is carefully explained to them that if they do not pay taxes there will not even be a government, and that by choosing that route they would return to a primitive, spineless society, they will end up grudgingly agreeing that they should contribute to the maintenance of some public services and to the support of a minimal state apparatus, at the least. The point is, once the task of explaining that without taxes there is intellectual and political regression has been accomplished, there is no longer any sense in asking the initial question, that is, in holding a referendum.

Obviously, the question of the Atlantic Alliance is not so clear, but neither is it as debatable as the demagogues of the yes and no would have us believe. Of course this is not a simple issue that we Spaniards can decide on the basis of mere intuition or the preferences we may have between a policy of alignment--bellicose--and a neutral and peaceful position; whether or not we continue to be members of NATO is a question that goes far beyond the military sphere or mere foreign policy, because it affects the very definition of what Spain is, what its internal political philosophy is, whether it forms a part of the international fabric that embraces the cause of democratic pluralism, whether it wants to participate in European integration.

This is not the time to discuss whether Spain would have been able to achieve full participation in the European Community and its proper position in the West without taking the decisive step of joining NATO. I have always believed that Calvo-Sotelo erred in this respect, as in so many others. But given our present position and our real ability to maneuver, it is clear that Spain's leaving the Atlantic Organization would have a very different significance than its not having joined in the first place.

In fact, Spain is at Europe's door, negotiating the final details of a steady process that will end with its joining the EEC; the Spanish economy is becoming increasingly linked to its natural context; the old European democracies are physically helping Spain in its struggle against terrorism; our defense is built upon a logical supranational framework that has grown out of our affinities and risks, considered objectively. What would the point be, then, if we were to leave the Alliance, with the consequent turn toward a selfish and isolationist neutralism?

For all these reasons, when the question is simplified by summing it up in a simple elementary dilemma, it is almost inevitable for us to wonder if the real objective is for the citizenry to express an opinion on a very complex matter that requires vigorous debate and a thorough comparison of data, or if it is really the unspeakable goal of appealing to people's spontaneous aversion to war to precipitate a decision as serious as this one, without stopping to consider fully all the direct and indirect consequences of a yes or no.

The conclusion of all this reasoning is clear: the NATO question, in all its complexity, cannot appropriately be dealt with through the means of direct

democracy, and it is preferable to leave it in the hands of Parliament. Those who lend more prestige to the popular decision-making process of the plebiscite than to institutional decision-making by representative bodies are indulging once again in demagoguery. After all, Franco's regime legitimized itself, in its own way, by referendum, and it never had the courage to establish a democratic Parliament because it knew that it would not survive such an institution.

In sum, the "board for the referendum" is not battling against demagoguery; it is an act of demagoguery in itself. We trust that common sense will prevail in time.

8926

CSO: 3548/322

## SPOE'S MARSCH SEES NEED FOR DISCUSSION ON NEW TASKS

Vienna ARBEITER-ZEITUNG in German 28 Jul 84 p 5

[Interview with Fritz Marsch, SPOe central secretary, by Herbert Lackner; date and place not specified: "SPOe Will Spend Next 2 Years Refueling"]

[Text] During the past 2 weeks, there has been vehement discussion about the state of the SPOe. Some newspapers said the party has been severely weakened and will hardly be able to get back on its feet. In the following interview with ARBEITER-ZEITUNG, SPOe central secretary Fritz Marsch takes the opposite point of view. He believes that the SPOe, which is initiating a debate on political prospects this fall and scheduled to last 2 years, will regain sufficient strength to hold on to its position.

[Question] The debate on the—by now—notorious "Androsch tax records" have not really helped the SPOe. How much harm have they really done ?

[Answer] I would not necessarily talk about 'harm.' The party is upset and these days our members and functionaries are telling us to put an end to the matter because we have more important things to do. The public statement by the party chairman is the line we should look to so that we can get this unfortunate debate over with.

[Question] Sinowatz also said that Androsch would not make a political comeback.

[Answer] At the executive board meeting of the party on 13 March 1982, Androsch himself said he would fully discharge his duties at the Creditanstalt and that all other speculations are therefore without any foundation. That is the way it should be so that the party can lay this affair to rest.

[Question] But there are those who say that the political-moral issue involved should also be discussed.

[Answer] When I say 'lay to rest' I do not mean to imply that we cannot discuss a problem that seems important to us. But we must be clear what has to be dealt with inside the party and what on the outside. I therefore think that it is important for the political-moral hurdle to be placed higher inside the party than the purely legal one.

[Question] Would you say then that it is a waste of time to worry about those—say in the Tyrol and in Vorarlberg—who are in fact talking about a political comeback by Androsch ?

[Answer] If only because of his own statement and because of the party chairman's declaration as well, of course.

[Question] The Styrian SPOe newspaper even spoke of the danger of a split in the SPOe over this matter.

[Answer] That is adding something that does not exist. There is a lot of unhappiness which will increase if this debate is dragged out any longer because our functionaries would like to see us deal with current political issues.

[Question] Various newspapers have published polls which clearly indicate that the SPOe has slipped as compared to last year's election results. Leaving the question of whether these polls are accurate or not aside—how is the SPOe doing ?

[Answer] Throughout the seventies, too, the SPOe always looked worse in the polls than at election time. But that is a challenge for us to work harder. At our party council meeting in September, Fred Sinowatz will fire the starting gun for a great debate on the prospects of our policies and that will open our work this fall.

[Question] Does that mean that it will turn into something of an ideological debate ?

[Answer] It will be a debate which will take 2 years whose aim it will be to build a bridge between theory and practice. We will have three objectives: first, to deal with the issues of day-to-day political life; secondly, to strengthen party organization and thirdly, to develop an image of our political aims for the future because we will have to tell people how things are to proceed during the next decade. It will also be our job to relieve people of their fear of the future. The gigantic arms buildup in particular and the threat to peace connected with it are plunging many people into a state of fear where they can no longer visualize any solution whatever. Added to this, there is the fear about whether we will be able to cope with technical progress from the social point of view. That this is indeed possible can readily be seen in an industrial town like Steyr where traditional industrial workers are working right

next door to an entirely different type of labor force—at the new BMW plant. This also raises new and different issues for the party because these people think along different lines.

[Question] Your talking about 'new issues' made me think of the environment.

[Answer] Yes. The issue is one of ecological humanism which forces us to go back to things on a human scale. It will be our job to act as a pace-maker in this field. That is a major task—particularly in our approach to young people.

[Question] But is it not also true that this particular group is no longer as fascinated by the SPOe because the feeling is that it—like any other political party—is simply running the state bureaucracy ?

[Answer] There is something to that and because we know that this is so we must develop these programs so that we do not blindly blunder into this third technical revolution.

[Question] One of the strengths of the SPOe always was the strength of its organization and its party apparatus. How does it look today ?

[Answer] I believe that this strength is there as it always was; but we must take cognizance of the fact that we need to come up with new patterns of organizational work. We will continue to have our residential area organizations but we will also have to get closer to people at their workplace. It is where people gather professionally as well as socially that we will have to create new types of contact facilities. What we are thinking of, for example, are local umbrella organizations which include associations, sports clubs and other groups already in existence in a particular community.

[Question] There will be two more regional assembly elections this year as yet—in Carinthia and in Vorarlberg. Elections of this type have not gone too well recently for the SPOe. What do you think the prospects are in these two ?

[Answer] In Carinthia, the SPOe has some able personalities who are doing sound political work and in Vorarlberg, too, the SPOe has introduced some new young blood into the political process. So, despite the disappointing results we have had to accept I am quite optimistic as far as the fall [elections] are concerned.

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CSO: 3620/405

## LANC'S VIEWS ON SUPERPOWERS, AUSTRIA'S ROLE ASSESSED

Vienna PROFIL in German 13 Aug 84 pp 30-31

[Article by Hans Rauscher, deputy editor-in-chief of KURIER: "A Pinstripe Guerilla Fighter ?"]

[Text] Austrian foreign policy will have to be very skillful in the immediate future. The confrontation policies engaged in by the two superpowers are automatically creating a situation where the search is on for allies and there is a call for pledges of allegiance. Both the United States and the Soviet Union are going through the ranks and neither has any use for any country which, in their eyes, is just sitting on the fence.

There is no reason to panic though these are not the easiest of times for a small, neutral country in Central Europe. The hard-line anti-communists in the White House and at the Pentagon cannot really deal with the concept of neutrality.

Anyone who stands up for the Western system but is unwilling to take part in the crusade against the "evil empire," as Reagan has called it, is suspect. That still holds true despite the fact that the U.S. State Department assures us at ever briefer intervals that we are still loved.

The Soviet Union, for its part, has its hands full with its own allies—such as the GDR and Hungary—who want to remain satellites no longer. But Moscow can still find the time to warn Austria in no uncertain terms not to let herself be drafted into the Reagan crusade.

In this particular situation, Austria has a foreign minister with more elbow room than his predecessors because Fred Sinowatz happens not to be a would-be world leader like Bruno Kreisky. What use does Erwin Lanc make of this starting position of his? What does the world look like to him after about a year on the job?

Anyone who asks such questions of Lanc will get a numbing collection of platitudes in response, if he is unlucky—endless sentences delivered in an enervatingly slow and monotonous fashion. Lanc is completely fluent in "diplomatese."

But when he gets mad, he really lets fly and someone gets hit so hard that the foreign ministry officials at their desks cry out in pain.

That is what happened when Lanc used the term "mom-and-pop store" in connection with the EEC during the course of a parliamentary debate (although he really meant to say that the activities of the community might create that impression in the public eye.)

This mix of using a kind of camouflage language for official purposes and then suddenly coming out with what he really thinks has contributed to increasing distrust of Lanc on the part of conservatives both at home and abroad. He is only putting on an act, they say. In actual fact, he is a supporter of anti-Americanism inside the SPOe; a neutralist; an opponent of Austria's national defense and a supporter of liberation movements of the left and revolutionary regimes in the Third World. In short, he is a kind of guerilla fighter in pinstripes.

Is there some truth to any of this ?

Lanc is an intelligent man and as such—as far as one can tell—immune to the conspiracy theories of his young left-wing friends who would make the CIA responsible even for a drop in the atmospheric pressure.

But, by the same token, he will probably never turn into an America fan. In conversation, he pays respect to the strong moral component of American foreign policy; to the missionary spirit and the "to some extent religiously motivated attitude which says 'we are the good guys.'" But, says Lanc, that does not go so far as to cause the United States to apply its humanitarian and democratic principles in its own backyard in Central America.

Lanc' view of the United States is perhaps epitomized in a key sentence he uttered at a meeting of the federal youth organization [Bundesjugendring]: "Austria never did and never will bend its knee before the USA." The fact that the United States is the protector and the preeminent power among the Western democracies is accepted only reluctantly by Lanc.

Like many another West European politician—both conservative and social democratic—he is dreaming of the day when Europe will be able to stand on its own feet. "One thing is certain," Lanc says, "Europe's economic power is in inverse proportion to its own political mobility."

In contrast to half the membership of the socialist youth movement, Lanc has no illusions concerning the true nature of the Soviet regime. But he does not believe that the USSR poses an acute threat to Western Europe. The Kremlin is not so unrealistic, says Lanc, as to think it can subjugate 300 million people without overextending itself.

This latter view of Lenc' is reflected in an inner reserve toward all efforts to strengthen Austria's national defense. In the recent past, in fact, he has made no secret of his belief that there is no need for the Austrian armed forces to purchase interceptors or, indeed, antiaircraft missiles. "Missiles are not on the agenda," Lenc announced brusquely when Frischenschlager's defense ministry tried to reopen the debate on this subject.

In all, however, it may be assumed that Lenc—following Kreisky's lead in this respect—feels that Austria's sovereignty can better be preserved through constant diplomatic activity rather than through a deterrent military potential. In a KURIER interview upon taking office, Lenc said: "Austria's mediator role, if asked for, is one of the best guarantees we have for our existence."

But since that mediator role is not really being asked for (except with regard to humanitarian issues such as the Israeli-Palestinian prisoner exchange) a country wishing to pursue an active foreign policy must look to other areas of activity.

That is how Austria's strong involvement with many a revolutionary regime and many a Third World revolutionary movement came about. Two factors happened to coincide. On the one hand, there was a certain sympathy on political grounds and on the other, the fact that even a relatively insignificant, small country in Western Europe is welcome in these areas because it manages to lend something of an aura of international respectability to the situation.

Conversely, we must more or less hold on to those who are willing to take us (seriously). That, too, was part of Kreisky's foreign policy and Lenc has taken it over to a large extent. We are still on good terms with the Palestinians; Nicaragua remains a hope (for a successful socialist experiment); we have reestablished relations with Iran and only our fascination with Libya seems to have abated somewhat (to some extent under Sinowatz's influence).

Commercially, this may well be of interest to Austria. The question is how many international risk situations Austrian foreign policy is prepared to get involved in.

Lenc believes that "everything that calls attention to Austria" is of importance. At the time of the /Anschluss/ in 1938 one could see how pernicious it is to be forgotten by the international community.

In that way, a rational explanation can be found for doing business with irrational regimes and revolutionary leaders. The growing displeasure of the Reagan administration will not keep Lenc from continuing to maintain these relationships. Austria's national neutrality does not obligate its

citizens to adopt a neutral stance in ideological matters. Lanc' sympathies, without a doubt, are a good bit farther to the left than those of the majority of the Austrian population.

/Commentaries reflect the personal opinion of the author./

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CSO: 3620/407

## MODERATE, STALINIST PAPERS VIEW STRUGGLE FOR CP CONTROL

## Moderate Organ Interviews Aitamurto

Helsinki KANSAN UUTISET in Finnish 26 Jul 84 p 3

[Article by Hannu Kuparinen: "'There Is Wind Already in the Sails'"]

[Text] Aarno Aitamurto, new secretary general of the SKP [Communist Party of Finland], who just returned from summer vacation, was found Wednesday still in the office of the chairman of the Construction Workers' Union.

"Last clean-up," he explains.

There in the middle of his clean-up, he is starting his new construction work: planning for future activities of the SKP. He is just as optimistic as aware of the difficulty of his task.

"The bottom of the wave has become a tailwind," he says.

"Now I'm thinking about whether this wind can get the boat moving in time. The fact that tactics within the movement are still connected with the municipal elections may disturb this wind."

In Aitamurto's opinion the basic starting point must be that the movement will enter the elections with united slates.

"The congress did not change anything in this regard. Of course I have had to notice that there are still strains from the infighting of previous elections."

The SKP's new central committee will meet for a second time after the congress on 24 and 25 August at the Sirola institute, and according to Aitamurto it will concentrate specifically on matters of organizational activity.

Aitamurto thinks that getting the organizational machinery into condition cannot succeed very rapidly.

"After the quarrels, there is so much weariness, withdrawal, and habitual laziness that it will take years.

"I have noticed that in recent years people are tired of working, and the most difficult task is to change this weariness into action and withdrawal into participation."

The fall municipal elections will offer the party a good possibility of pushing the party and the movement forward as a unique alternative, according to Aitamurto, at a time when a group of permanently unemployed has been formed within society, things are going well for the well-to-do, and government policy has slipped more to the right than before.

Even Aitamurto senses that in the coming municipal elections local questions may come to the fore more than before.

"They should be raised," he says, adding that the People's Democrats have already made local programs in certain municipalities.

#### Still Strength in the Parties

A new feature of the fall elections in many municipalities will be that various small groups will contend with the parties for votes.

Aitamurto seems to think that one should not be frightened by them, but neither should one stare at them to the point of blindness.

"In political activity you cannot pay attention to just one or two sectors. That way it would soon become impossible to manage affairs.

"It is surely necessary to always evaluate various possibilities, to take into account all limitations, even though this can easily give an image of mediocrity."

Otherwise Aitamurto has only good things to say about most alternative movements. If their goals are compared with the party's goals, the greatest harmony is found with the goals of the People's Democrats.

#### Sorsa Spoke About Surface Phenomena

When politics is talked about, it is still impossible for the discussion not to turn to the tongue-lashing the media received from the chairman of the SDP [Social Democratic Party] last June. Aitamurto is amazed at Sorsa's glumness.

"In the union I have certainly observed that the media's basic tendency has been after all to support government policy and to defend labor-market decisions. The people's democratic group of the SAK [Central Organization of Finnish Trade Unions] and the Construction Union have always been left out.

"Sorsa was speaking about surface phenomena, after all.

"And in regard to the so-called 'dirty tricks,' they need to be brought into the open, even though it seems to be mainly a sales effort by commercial newspapers."

#### No Alternatives to the Final Outcome

"Debating, tolerant of differing opinions, but unitedly implementing decisions."

This is how Aitamurto describes briefly the party he is building.

"There are many alternatives as to how we get there. The opposition has the possibility of influencing which of them is chosen, but I don't see any alternatives on the part of the final outcome."

The leadership of the minority that was dissatisfied with the decisions of the congress announced immediately that it was demanding that a special congress be called. Of the eight minority districts, four have so far presented their demand.

The leadership of the SKP will soon have an opportunity to become acquainted with their new secretary general in the numerous 40th anniversary celebrations of the Peoples' Democratic movement which he will attend. The first on Aitamurto's calendar is Nilsia on 12 August.

#### Stalinists Look to Special Congress

Helsinki TIEDONANTAJA in Finnish 25 Jul 84 p 3

[Article: "Special Congress Not Till Next Year: Two Sets of Delegates from Uusimaa and Turku?"]

[Text] Alto and Aitamurto no longer oppose calling a special congress of the SKP. Instead they are planning to establish parallel district organizations in Uusimaa and Turku with the aim of sealing the party split at the special congress.

The pared-down party leadership of the SKP is planning to postpone the special congress till the fall of next year.

The special congress would be called with new delegates in such a way that the parallel district organizations to be established in Uusimaa and Turku will select their own delegations alongside the delegations from the regular district organizations.

Actions on the split in Uusimaa and Turku began immediately after the first meeting of the new party leadership in mid-June, at which time the "rump" central committee of the SKP decided to grant financial support to parallel activity within the areas of these districts.

Afterwards, paid workers were hired in both Turku and Uusimaa to direct the development of parallel activity. In Uusimaa, a special collection is also being made for support of parallel activity.

The goal is to give official status to the parallel districts before the end of the year and to have them approved for SKP membership. In coming elections for congress delegates, the parallel district organizations would be able to also choose their own delegations, if the split is achieved as planned.

#### New Delegates

SKP chairman Arvo Aalto and secretary general Aarno Aitamurto are counting on obtaining the results they want in the special congress by authorizing new delegates.

The "rump" party leadership, which just barely got elected at the 20th congress of the SKP, fears that the opinions of the delegates to the spring congress could easily be swayed against them. If even eleven delegates had voted differently, a party leadership would have been chosen that would have continued unification efforts.

Aalto and Aitamurto--now that the apparatus of the party center is entirely in the hands of the "axe" line after the firing of the editor and others--can use much more boldly their paper membership in certain SKP district organizations.

After the end of the year, the internal "power relationship" of the SKP will probably change "radically" in favor of supporters of Aalto and Aitamurto after adjustments utilizing the "paper" members. Of course, this "change in power relationships" has nothing to do with any developments within the membership.

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CSO: 3617/200

## FISZBIN, HINCKER ON PCF DEPARTURE FROM GOVERNMENT

## Introductory Remarks

Paris RENCONTRES COMMUNISTES HEBDO in French special edition 24 Jul 84 p 1

[Text] Since the suspension of publication of RENCONTRES COMMUNISTES HEBDO for the vacation period, very important political events have taken place, specifically the French Communist Party (PCF) decision to leave the government.

This is why we thought it useful to report to our subscribers on the statement made by Henri Fiszbin regarding this matter and to add to it two articles requested of Henri Fiszbin [JPRS WER 84-100] and Francois Hincker by LE MATIN in connection with the debate on the PCF organized by that newspaper. We'll meet again in September.

## Fiszbin Declaration

Paris RENCONTRES COMMUNISTES HEBDO in French special edition 24 Jul 84 p 1

[Statement issued by Henri Fiszbin in Paris on 19 July 1984 as soon as the PCF decision to leave the government became public: "An Unjustifiable Act"]

[Text] The Communist ministers have left the government.  
With the power of the Left we will continue our fight for  
the success of change.

The PCF has just assumed the grave responsibility of leaving the government at a time when the Left is engaged in a task of national recovery and great democratic and social changes. This task must be carried to a successful conclusion so that unemployment will recede and our country's workers may benefit from a satisfactory standard of living. The departure of the Communist ministers is unjustifiable. Everything in fact indicates that the Laurent Fabius government, subject to the responsibility of the president, is maintaining the course set in 1981.

The worker movement's refusal to assume the responsibilities of the management of the nation's affairs constitutes a flight from these responsibilities which there is a reason to think will accelerate even more the marginalization of the PCF.

Despite the presence of Communist ministers, for 3 years the PCF has been one of the most vehement advocates of the government's policy. It has today launched itself on a downhill course that will inexorably lead it to oppose the government more and more often, thus adding its voice to that of the Right. The coalition of the Left is more necessary than ever and will find new approaches to progress. The PCF's break with the government will not keep countless Communists from remaining attached to it and from continuing to work to win indispensable popular support for the government of the Left.

#### Hincker Commentary

Paris RENCONTRES COMMUNISTES HEBDO in French special edition 24 Jul 84 pp 1,2

[Commentary by Francois Hincker in LE MATIN of 4 July 1984: "It Comes Under the Heading of Surgery"]

[Text] So the Communist decline in France has become a commonplace. I might rejoice at seeing what I had feared long before 1981 confirmed: In those days a large number of us in the party emphasized the conditions we had to imperatively and as quickly as possible meet in order not to get to the point the PCF is at today. We were brushed aside. But still considering myself to be a Communist, what I feel today is gravity and concern, not so much because of some emotional feeling, which was never my forte, for a big family that is disintegrating but especially because, accelerated to the extent it is, the Communist decline is now heavily mortgaging the Left after having begun and led to the proportions it attained in 1981 it, on the contrary, enabled the Left to accede to power.

When you are on the threshold of 10 percent, the effect of the necessary vote is constantly working against you, while the solid votes and those that must be attracted abandon the ship. That is to say that an election recovery is already improbable. But at this level the decline is only the manifestation of an otherwise serious political and moral decline. I will refer to but two examples.

According to the surveys "produced by the ballot boxes" on 17 June, the Communist vote was extremely small among young people and almost nonexistent among vocational school and university students. How surprised at this they probably were, those who because of their occupations closely followed these young people and saw them rapidly become less anticommunist than "a communist," which is even less excusable. This tendency has been accentuated to the point of desertion among students: I know that in all probability from now on not a single "intellectual communist" will come out of the classroom I am in today.

It would be an oversimplification to explain this only by the equation: PCF = USSR = gulag. It is the very image of the PCF — constant unanimity, a feeling that one is always right, simplistic reasoning, populism — that rightly repels these young people who are aware that it is precisely they who are the first generation to have once and for all stifled these defects in all corners of our society.

Another example. The "CGT [General Confederation of Labor] people's" relations with the PCF are more complex than they say they are. Nevertheless, there has always been a close correlation — to which, let us say in passing, political analysts do not pay enough attention — between the tendency of the CGT vote in elections of a social nature and the tendencies of the Communist vote in political elections. Now, we are familiar with the slow, but inexorable plunge now affecting the bastions of the old national enterprises first.

As for the reasons for the decline, a commentator recently contrasted "economic situation" explanations — the big gap — with "structuralist" explanations — the failure of a PCF that does not change to adapt to a society that is changing. But the economic explanation expresses the structural one. It is because it does not want to choose politics to the detriment of theology, because it does not want to choose the wide world and the responsibilities of power to the detriment of its square meadow that the the leadership of the PCF restricts itself to the big gap.

Furthermore, the party leadership plans to limit the debate to the interaction between the elements of this infernal pair — economic situation-structure, chance and necessity. Since that avoids the essential fact: Starting with 1965, the structures began to move — too slowly, too late, no doubt, but they did move — a leadership that was becoming receptive to the promptings of the society and was encouraging the party to listen to them. At the end of 1977 this movement was deliberately stopped. Decline was not fatal. What was needed was the determination to overcome thought structures and a culture that predated Stalinism and were ossified by it within the framework of the form of organization we are familiar with. They had a half-hearted determination and then no determination at all. The culture of exclusion from the society and of protest reassumed its rights and recongealed with a mode of operation that remained unimpaired.

Today it would take 10 times the determination to deal with the advanced state of degeneration the turning point of 1977 has produced.

They would need that cultural revolution about which it seems — permit me to smile — they are now talking at Central Committee sessions. The surgical operation would no doubt come too late, but in any event that is the only thing that can save the patient. Since this operation would consist of changing the PCF from a personality functioning according to an internal logic — the party before everything else, even if the worker movement and the Left should have to perish — to a personality based on an external logic — the party is nothing other, but this is a great deal, than, if possible, the best instrument in the service of the movement and the Left. Since this operation is therefore tantamount to eliminating the military structures in keeping with the former kind of logic, we can hardly imagine that the army of party officials, who greatly outnumber the leaders, would behave in this suicidal fashion.

Because to go out into the wide world means penetrating an area of uncertainties, of political and ideological, cultural, moral and also material competition. For to agree to assume the responsibilities of power, including as the case may be those of rigor, is to force oneself to analyze, to explain, to abandon the

easy outs of systematic opposition and wooden language. It is to think that change can be effected here and now and not through the intermediary of big brother.

Contrary to the near-unanimity of commentators these past few days, I am waiting for a lot more than the indiscretions of the media to get me to abandon this skepticism.

And yet I do not hope for anything so much as this leap. Because history has seen to it that in France the PCF was and continues to be the only organic link between the labor union movement (at least part of it) and the domain of politics.

In 1981 the Socialist Party in an election victory retrieved the remains of the PCF and that can happen again. But given the current state of affairs, it is not to be anticipated that it will regain its function as a link.

The void on which the strength of the Left rests can be explained like this: It governs and the social movement is lacking. While the Right joins forces with the social movements of the middle classes and ideological movements. That is, the decline of the PCF concerns the entire Left. Either it makes a leap — but time is short for the Left — or it must realize that reconstituting this link between the worker movement and the political Left is now the decisive issue.

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CSO: 3519/449

## LAJOINIE ON PCF ABSTENTION ON CONFIDENCE VOTE

Paris L'HUMANITE in French 25 Jul 84 pp 3,4

[Speech by Andre Lajoinie, chairman of the Communist group, during National Assembly "confidence" debate on 24 August]

[Text] The debate on the government's responsibility commitment is taking place at a time when France is in a worrisome situation.

When it came to power, the Left found an economy and training system weakened by decades of reactionary management. The forces of high finance and their political spokesmen, beaten by the franchise, instead of bowing to the popular majority on the contrary increased the obstacles to the change desired by the country.

Despite this resistance, and with the active support of the communists, the new majority put through important reforms such as the nationalizations, the new rights for workers, and the decentralization. These advances, to which must be added such social measures as lowering the retirement age and the fifth week of paid holiday, still remain only within the realm of possibility.  
(...)

## Means Exist To Get the Country Out of the Crisis

We remain profoundly convinced that the government does have, with the broadening of the industrial and banking public sector and the new rights for workers, a coherent combination of effective means to undertake economic recovery and get the country out of the crisis.

In view of this accumulation of obstacles raised by the forces of reaction and money responsible for worsening of the foreign imbalances, it was necessary, in order to honor the will of the electorate, to act with great firmness in supporting the workers' action directed at having the nationalized sector and public finance to the private sector translate effectively through an investment policy, creation of jobs, and industrial and technological development that would make it possible to reconquer the domestic market and promote the exports necessary for our foreign balances.

This is what we have constantly and strongly called for from this rostrum and elsewhere (...).

Under the so-called "austerity" policy, the effort has not been devoted to building the muscle of our economy as is needed, but on the contrary to attacking the resurgence of consumption, whereas there were other means to reduce inflation while struggling with the capitalist messes. This policy has been reflected in economic stagnation and worsened unemployment that is increasing at the disturbing rate of 1,000 per day.

#### Negative Consequences of "Austerity" Policy

At the same time, the "austerity" attacks the purchasing power of wage workers and small and medium farmers, while financial dividends and incomes soar, further worsening the already large social inequalities in this country.

Because of this policy, problems such as the need for development and renovation of the public school to make it capable of training the adults of the year 2000, or the issues of life in the cities with the difficulties of housing or security, have not received satisfactory solutions. We have been prompted on several occasions to voice our reservations in face of this evolution in the government policy.

On the occasion of the European elections, millions of the French voters who had expressed their confidence in the Left in 1981 now, by abstaining, voiced their concerns, their disappointment, and their dissatisfaction, though without giving credit to the Right, which they correctly regard as responsible for the ills of the country. Since 17 June, the announcement of a referendum along with abandonment of the objectives relating to schools as well as the tax increase on gasoline, have increased the concern and the questions.

#### Lessons of 17 June

As the Communist Party indicated just after the elections: We must take note of this strong warning by the electorate, and the government has the responsibility to renew its action on the commitments made.

That is why, on the occasion of the formation of a new government, we recalled the necessity to take our proposals into consideration, more than had been done in the past.

In our meetings with you, Mr Prime Minister, as well as in the letter that our Central Committee sent to you on the night of 19 July, we clearly affirmed our desire to continue the cooperation of the communist ministers with the government on the basis of a change in policy desired by the voters of the left so as to improve the situation of the workers and of the country. (...)

We are profoundly convinced that there is no inevitability in the crisis, unemployment, and dismantling of the economy, while there is a great deal to be done in France itself and in international cooperation at a time when peoples are suffering from underdevelopment and hunger.

It is possible to modernize our industry without massive layoffs if we increase our production both in quantity and quality; if we reduce work time

while ensuring better utilization of equipment; and if, finally, we give training a mass scale. It is possible to create useful jobs by using all of France's trumps. However, to do this the approach must be different from the deliberate scrapping too often used by managers of the economy, more concerned with investing abroad than with modernization and strengthening of French industries, though the latter are indispensable and irreplaceable bases for any international cooperation.(...)

#### PCF Proposals for 1985 Budget

Finally, we have stressed the importance of a 1985 budget that will maintain the public investment effort, creating jobs, and promoting tax fairness.

As you know, we are not opposed to tax reductions, particularly those that affect the workers, and that is why we approve elimination of the 1 percent deduction, to which we had stated our opposition.

However, we know that if the public investment effort weakens, there is the risk of seeing an increase in public service rates and hence of taking with one hand from the people's family budget what has been granted with the other hand through a tax reduction.

At the same time, there is the risk of eliminating jobs or not creating them. Before the resignation of the Pierre Mauroy government was announced, the minister of transport had warned it of the risk that the budget allocated to that sector could result in elimination of 15,000 jobs. Finally, there is the risk of seeing the resources allocated to training and schools turn out to be inadequate to meet the challenge presented by development of technologies, in which we are already somewhat behind.

As you also know, we have continued to make proposals for tax fairness.

Indeed, we consider that the democratization of tax policy undertaken with the establishment of the tax on big fortunes has not been followed up.

The French tax policy inherited from the Right, with the greater share assigned to indirect tax, which is the most unfair because it does not take into consideration the resources of the taxpayer, is one of the most inequitable among the developed countries.

We believe that major steps should be taken in tax fairness by easing levies on work income in relation to capital income; significantly increasing tax on big fortunes; eliminating tax credits as promised by the president of the Republic; ending the scandalous privileges of the Giscard variety; and ending up with a modern tax policy for enterprises so that investment that creates jobs will be encouraged and that, on the contrary, speculation, waste, and export of capital will be discouraged.

As can be seen, these proposals are completely achievable and in no way represent immoderation. They are measured and moderate, but they are no less capable of significantly improving the country's situation.

## We Are Not Getting Adequate, Positive Responses

We must observe that neither in your answers to our questions nor in your statements, nor particularly in the government's statement of general policy that you have just submitted for the Assembly's vote, do we find adequate, positive responses to our proposals.

It appears, Mr Prime Minister, that even though you have made reassuring statements about the need to combat unemployment or about a "certain growth," in fact you are maintaining the previous policy about which we have reservations and which can only continue to result in promoting unemployment, decline in purchasing power, and concerns for the future of the children and young people, without, for that matter, restoring the national economy. We must in honesty say that ever since 1982 we have repeatedly heard such reassuring phrases without them being followed by results.

What is needed today is not only fine words but actions that clearly define a new policy and the means to put it into effect.

Announcement of these actions and this new policy has not been made.

Further, the assignment of positions to communist ministers did not give us the necessary guarantees to enable us to be involved fully in the government action in order to participate in implementing a good policy for France.

To this legitimate concern--because everyone knows that we do not seek to occupy positions for reasons other than to work usefully for the people--there is added a moral problem. We cannot let the millions of Frenchmen who are prey to disappointments and anxiety believe that we are able in the government, under these conditions, to influence policy in significant ways in the direction of our proposals and the commitments made.

We must not take advantage of anyone and must preserve the moral dimension of policy, which is one of the guarantees of democracy.

And let no one talk to us about lack of courage in assuming our responsibilities!

The communists have given sufficient proof in their history, in times otherwise more dramatic, both of their courage and the spirit of responsibility, and they are determined to continue in this direction to help find solutions to the crisis.

Is it a matter of breaking up of the union of the Left and the return of the communists to some kind of opposition?

## Communists Want To Strengthen and Maintain Union of Left

No, the communists will not stop acting to maintain and strengthen everywhere the union of the Left, to oppose the revanchist aims of the Right with the largest popular group, while hoping that conditions may again be created to enable their participation in the government.

Let the forces of the Right and capital have no illusions. The attitude that we have been forced to take will not cause us to ease our struggle against the Right nor to facilitate its maneuvers and its obstruction, but will instead cause us to do more to combat it and to assemble more popular energy to prevent its return.

That is why, relying on the union and the action of the workers, without whom the activities of the forces of the past cannot be opposed, we are proceeding in a constructive way, with realism and without demagogy, in a spirit of broad receptiveness, to devote our efforts to achievement of concrete progress in all possible areas.

Needless to say, we are more than ever prepared to support and promote any measure in the direction of the commitments made.

Mr Prime Minister, I have told you with the necessary frankness, among responsible members of the Left, the reasons that caused us to decline your proposal for participation in the government.

Be assured that in our position there is not, in no way, an attitude of systematic opposition to your government.

On the contrary, I have told you that you will always find us ready to support you in all projects that you propose to us, to the extent that they constitute progress, even if limited, in the direction of the commitments of the Left.

Our vote on the government's commitment of responsibility can therefore not be negative, as will be that of the Right, which continues to come up with scandalous obstruction maneuvers in Parliament and indulges in contempt of the Constitution by a despicable campaign for dissolution of the Assembly.

However, our vote cannot be positive, as we would have wished; for, I repeat, we have not obtained the responses to our proposals for a new economic policy of creating jobs and maintaining purchasing power, either at the time of formation of the government enabling participation of communist ministers or on the occasion of the commitment of responsibility by your government before our Assembly.

#### Abstention, a Positive Vote for a New Policy

That is why the communist deputies will make an abstention vote, which will have the significance of a positive vote for establishing a new policy, for resolute combat of unemployment, defense of the workers' purchasing power, social and tax defense, positive solutions to the major problems of our society such as schools, housing, the living environment and the security of our people, for defense and flourishing of freedoms, independence, cooperation and peace.

Along with the communist ministers' nonparticipation in the government to which we have been forced, we hope that today's vote by the communist deputies will help everyone to reflect.

It is a kind of alarm signal, indicating the danger in pursuing the "austerity" policy, which can only lead to election failure of the Left.

There is still time to stop the gears and restore the situation. We strongly hope that the differences in views that currently do not permit continued cooperation of the communists in the government will be reduced and that our proposals, based on the joint commitments of the Left, will be considered...

That is why, beyond this hall, I would like to address all men and women of the Left and progress, to say to them: "Let us reflect on the situation, let us come together without preconceptions of any kind to create a great united force to progress in the solution of the country's problems and thus we will revive the great united enthusiasm that has already enabled us to defeat the Right and that can assure the future of the Left and of France."

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CSO: 3519/459

## ND DEPUTIES, LEADERS OPPOSED TO AVEROF'S POSITIONS

Athens I KATHIMERINI in Greek 9 Aug 84 p 1

[Text] A fortnight of tahnking in search for a new course for the New Democracy is starting today for its Chairman E. Averof and for its leading members and deputies. The prevailing impression yesterday in the ND circles was that upon his return from Kerkyra--around the 25th--Averof will make known his decisions which ill be crucial for the recovery of power by ND.

In the meantime, and while the first regional party activities in view of the in-party elections were underway, ND deputies and comrades were expressing yesterday a variety of views and were wondering on two positions presented by Averof during the meeting, of the ND Parliamentary Group 2 days ago. These two positions refer to the absolute commitment to revise the constitution in order to assure free competition on TV and the announcement about discussions between ND and personalities of the Center.

Both positions are expected to be politically costly to ND without bringing any benefits. Specifically:

It is the first time the view is expressed that ND will seek to amend the constitution ND itself proposed and enacted. It is noted that this view is expressed at a time when the only party which asked for an amendment to the constitution (on the subject of the law on higher education) is KKE (PASOK, as government, has avoided repeating its pre-election views on this matter.)

The question raised by ND deputies and cadres is why the subject was presented at all since it had not been discussed by any competent organ of the party. It is also the first time that the intention to seek contacts with Center personalities was declared. Until now the political practice (following the familiar dogma "there are things that are done but not discussed and things that are discussed but not done") was for such contacts to be known either after they failed or when the Center personalities had crossed lines.

Certain fanatical advocates of an ND opening toward the Center did not conceal their fear that the advance announcement of these contacts will cancel them before they begin.

## POLL FINDS INFLATION COUNTRY'S BIGGEST PROBLEM

Reykjavik MORGUNBLADID in Icelandic 9 Aug 84 p 2

/Article: "Hagvangur Asks about Icelanders' Main Problem: 12 Percent Say Inflation--11 Percent Say Overspending: One-fourth Thinks the Problem can be Solved to a Considerable Extent"/

/Text/ "What do you think is the main problem facing Icelanders today?" This question was posed for the fourth time in an opinion poll conducted by Hagvangur Inc during 6-18 July 1984; the same questions were asked in opinion polls conducted in April 1984, October/November 1983 and April 1983.

No definite conclusion was reached by the opinion poll. Twelve percent of the people polled say inflation; almost 11 percent say overspending; 10 percent say the economic situation; 8 percent say wage and benefit cuts and 7.2 percent say alcohol and narcotics. A little over one-fourth of the people polled think that "this problem" can be solved to a considerable extent in the coming years; 34 percent say to some extent and 14.2 percent say to very little extent.

Following are the conclusions reached in the opinion poll, questions, answers and comparisons with earlier answers:

## 1) What do you think is the main problem facing Icelanders today?

	<u>July '84</u>	<u>April '84</u>	<u>Oct/Nov '83</u>	<u>April '83</u>
Inflation	12.0	12.4	29.5	37.2
Overspending	10.9	15.9	7.7	8.1
Economic Situation	10.3	19.8	13.6	22.3
Wage and Benefit Cuts	8.7	7.3		
Alcohol and Narcotics	7.2			
Catch Failure	4.8			
Other	21.1			
Don't Know	10.8			

## 2) Do you think this problem can be solved in the coming years?

	<u>Percent</u>
To a considerable extent	26.0
To some extent	34.0
To little extent	14.2
To no extent	13.0
Don't know	12.8

Hagvangu Poll in July 1984: "Can the Inflation be Lowered to the Same Level as in the Neighboring Countries?"

Men are more optimistic than women that it may be possible to get the inflation in this country down to the same level as it is in the neighboring countries in 1984. This is the conclusion of the poll conducted by Hagvangu Inc during the middle of July 1984.

That is the opinion of 49.1 percent of the men and only 37.9 percent of the women. If all the people polled are counted, 43.7 percent say yes but a little more, or 47.6 percent say no.

Following are the conclusions of the answers given by the people polled to the question: "Do you think that it is possible to get the inflation down to the same level it is in the neighboring countries in 1984?"

	<u>Percent</u>
Yes	43.7
No	47.6
Don't know	8.7

	<u>Men</u>	<u>Women</u>
Yes	49.1	37.9
No	45.7	49.6
Don't know	5.2	12.5

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CSO: 3626/37

## PAPER COMMENTS ON LATEST POLITICAL POLLS

Reykjavik MORGUNBLADID in Icelandic 9 Aug 84 p 29

/Editorial: "Position of Government and Political Parties"

/Text/ Opinion polls are and will be controversial. At two relatively short intervals, MORGUNBLADID has published the conclusions of two comparable opinion polls conducted by Hagvangur Inc. It can be clearly deducted from these opinion polls that the government and its supporting political parties are enjoying less popularity. The government does, however, have the support of the majority of the nation, or 58 percent of the people polled, but the government support has decreased since April when it was 69 percent. Still, as before, the Independence Party /IP/ exceeds the other parties.

Almost half of those who took a position support the IP, or 48.8 percent. This is a considerably greater support than the party received in the last parliamentary elections in April 1983 when the party received 38.7 percent of the votes, but somewhat less than in the April 1984 opinion poll when 52.1 percent supported the party. Opinion polls have always showed that the IP is stronger than has been demonstrated in the elections.

The Progressive Party /PP/ received 18.5 percent of the votes in the 1983 parliamentary elections; 17.1 percent support in the April 1984 opinion poll and 14.7 percent support in the July 1984 poll. Based on this, the party's seats in parliament would decrease from 14 to 9 if elections were to be held today.

The People's Alliance /PA/, which is the leading opposition party, received 17.3 percent support in the 1983 parliamentary elections and 14.9 percent now. The PA has, however, strengthened its position considerably from the April 1984 opinion poll when it received 9.3 percent support, although it is much worse off than last year. The party lost 1 seat, it would receive 9 seats instead of 10, if the conclusions of the poll would be the deciding factor in the distribution of parliamentary seats today. Nonetheless, THJODVILJINN /PA party organ/ can hardly contain itself when bragging about the support the PA received yesterday. That is quite understandable as the party is receiving much more support than it deserves.

The Social Democratic Party /SDP/, which received 11.7 percent of the votes in the 1983 elections, only received 6.4 percent in the opinion poll. The party lost two seats based on this support. The SDP government opposition has not strengthened its position. The party has not succeeded in creating the special position it needs in the government opposition.

The small parties, the Social Democratic Alliance /SDA/ and the Women's List /WL/, both strengthen their position compared to the April poll. The SDA, however, receives somewhat less support than in the 1983 parliamentary elections. The support showed by the poll means five seats for the WL and four for the SDA. Combined, these two small parties would have the same number of seats in the parliament as the PA and would be its equal.

The coalition of the IP and the PP inherited a difficult economy: runaway inflation; industries on the brink of closing because of longlasting deficit; enormous National Treasury deficit; increasing foreign trade deficit and foreign debt that devours one-fourth of the export revenue. The GNP had decreased by 14 percent in 3 years and the standard of living had shrunk accordingly. The government started off quite well; it got the inflation, which was 130 percent during the first half of 1983, down below 20 percent where it is now. It succeeded in keeping the industries going and securing full employment, i.e. keeping the ship of state on the right course despite shrinking fish catches in the fishing industry; a drop in prices in export production and reduction in national income.

In the wake of the first measures taken by the government that pushed down the inflation with one thrust, so to speak, the government received good support from the nation. However, these first measures have not been followed through so far in other sectors of the economic life, such as in the monetary arena. After the turn of the year it proved difficult for the government to tackle the Treasury deficit. It was finally possible to bridge this gap by taking foreign loans. There is no doubt that this battle harmed the government's reputation. It is the government that is blamed when unavoidable strict measures are taken and the wage earners feel the cutbacks. The unity and strength that was reflected in the community during the early days of the government is not the same as before. This has weakened the government, rightly or wrongly.

The ship of state is now in precarious waters of various difficulties. There is often need for national unity and national solitude but the need has never been as great as now. Hopefully the government will be successful in providing strong and united leadership while sailing through the dangerous waters of difficulties--into the calm waters of balance and progression in the national economy.

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CSO: 3626/37

## GONZALEZ ON REDUCED POPULAR SUPPORT, SCOPE OF CA POLICY

Madrid YA in Spanish 5 Aug 84 p 8

[Text] Caracas--Felipe Gonzalez, prime minister of the Spanish Government, acknowledged in Caracas that recent polls have indicated a drop in his popularity; however, he feels that this slippage is normal and attributes it principally to decisions the government had to make to combat the economic and industrial crisis. Gonzalez, who arrived in Venezuela Friday accompanied by his wife, three children and a 14-year-old nephew, attended a dinner given that evening by Jaime Lusinchi, president of Venezuela, in honor of his guests. Yesterday, Saturday, the Spanish prime minister traveled to the Caribbean island of Orchila, where he will relax until next Wednesday.

During a press conference held at the Maiquetia airport, Gonzalez touched on the problem of the ETA entry into NATO, Eden Patora's recent visit to Madrid and the peace agreement in Colombia between the government and the guerrilla sector.

Apart from the crowd of journalists and the presence at the airport of the Venezuelan foreign minister, Isidro Morales Paul, and this country's former president, Carlos Andres Perez, and old friend of Felipe Gonzalez, the latter's arrival was without protocol of any kind, in accordance with the private tone the authorities had wished to give the Spanish prime minister's brief vacation.

"Years ago I promised my children that I would take them to America," Felipe Gonzalez said, adding that he proposed to rest, talk with friends and, possibly, take a side trip to Bogota to talk with President Belisario Betancur, with whom he also has a great friendship.

#### Government's Slippage

The Spanish prime minister admitted that in the political sector, as indicated by a number of polls, he has lost the support of some population groups; however, he said that this was normal with any government.

He said that one of the causes of this drop in popularity was the difficult and hard measures he had to take to decisively face up to the economic crisis.

In spite of everything, Gonzalez appeared optimistic, as that possible percentage of lost votes did not wind up in other parties because no political organization to the Left or Right of his own is growing.

Gonzalez said that the fact he had received Eden Pastora absolutely does not mean support for the anti-Sandinist combatant. He emphasized, "It means support for a process which I would like to see democratic and pluralist, without my interfering in any way in the internal problems of Nicaragua."

Felipe Gonzalez recalled that 5 years ago, when Eden Pastora represented the maximum symbol of the Nicaraguan revolution from a democratic and pluralist perspective, he was his friend. "I continue to be his friend," he asserted.

Commenting on the talks held during their recent meeting in Madrid, Felipe Gonzalez said that he had repeated to Pastora something he had told him a long time ago when he decided to undertake the armed struggle, which, in his opinion, was not the way to go.

#### Peace for Nicaragua

"This time," he added, "I told him again that I believe Nicaragua has already sufficiently paid its quota of bloodshed and war. That it is better to attempt a peace effort and that it is better naturally to attempt it within the framework of freedom and democratic pluralism."

Nicaragua will hold elections on 4 November; however, up to now, the opposition has not joined the electoral process because it feels the conditions for freedom are not present.

"Pastora told me," he said, "that he is absolutely prepared to live outside Nicaragua, provided there is a free and democratic process in his country, because he does not want to be a main character in that process."

Gonzalez and his family will remain in Venezuela 8 days and will then travel to Colombia and possibly Panama, to conclude 15 days of summer vacation in America.

The Spanish prime minister, in response to the questions of journalists who were waiting for him at the Maiquetia airport, denied that he had taken any part in the talks between the Colombian Government and the guerrillas of that country which took place in Madrid in October 1983.

"I admire the boldness and drive of President Belisario Betancur to bring peace to his country," the Spanish prime minister added; "however, I am not going to get into an analysis of the method and content of that effort."

#### Contacts With M-19

He emphasized, "I simply consider it admirable that a man is capable of reaching the presidency of the republic and declaring peace with those making war against him and is able to carry this to its ultimate consequences."

"There was no intervention on my part," Felipe Gonzalez repeated, while at the same time saying "I was just a modest friend of President Betancur, who at a certain point in time called to me and said, 'Say, during the trip I am going to make to Spain, I may have to do one more thing, but it will not be official.'"

"I replied to him, 'You will be in your home. You can do that one more thing, if you ask that of me,'" Felipe Gonzalez said, alluding implicitly to the development of the initial contact between the Colombian chief of state and Ivan Mario Ospina and Alvaro Fayad, leaders of the 19 April Movement, known as M-19.

Finally, Felipe Gonzalez said that during his 2-week summer vacation in American countries it was his intention to rest and talk with some of his friends.

The Spanish prime minister and his family will stay at a villa on the Island of Orchila, which is owned by the Venezuelan Government and was built more than 25 years ago by the dictator Marcos Perez Jimenez. According to unofficial reports, the Gonzalez family will take a private trip to the Amazonian region of Parque de Canaima on Thursday and will travel to Colombia on the weekend to continue its vacation there.

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## AUTONOMOUS AREAS-MADRID RIFT OVER DELEGATION OF POWER, FUNDS

Madrid YA in Spanish 5 Aug 84 p 15

[Article by S.N.]

[Text] Madrid--At present, the government is engaged in a dispute with the three historic autonomous communities--the Basque Country, Catalonia and Galicia--the principal focus of which is the rate of the transfer process--the autonomous communities consider it slow--and in particular, the freeze on the transfer of public funds which the autonomous communities consider necessary for the development of self-government.

The revolt against the government's austerity measures--the so-called "LOAPA [Organic Harmonization Law of the Autonomous Process] financial plan" which is now in the effect--is readily visible in the three autonomous communities, but most particularly in the Basque Country.

In this community, Garaicoechea himself has mentioned the "shattering of the statute" by the freeze on transfers, such as INSALUD and Social Security, on which sectors Ajuria Enea upholds criteria that the government considers unconstitutional and an attack against national sovereignty.

What is certain that relations between the government and Ajuria Enea are now experiencing a difficult period. Problems have arisen as the result of differences in interpretation of the economic agreements, particularly the matter of valuations. Mario Onaindia, head of Euskadiko Ezkerra, has gone so far as to say, "The announcement made by Garaicoechea and Felipe Gonzalez after their last talk to the effect that a climate of valuation was beginning was a papering-over operation to deceive public opinion." Batasuno's supporters are of the opinion that "the statute has collapsed," while Mayor Oreja considers it "regrettable that conflicts between both administrations have again arisen" and accuses Garaicoechea of "not informing the political forces," while showing himself to be an advocate of the economic agreements.

For his part, Ramon Jauregui, the government's delegate to the Basque Country, has said that the governments of Madrid and Vitoria are bound to reach an understanding, even though they are experiencing one of the most difficult moments in their relationship. Jauregui criticizes the PNV's [Basque Nationalist Party] perennial pose as victim and the lack of leadership from which it is suffering. He reaffirmed the government's commitment to implement the statute and ruled out any possibilities of a political negotiation with the ETA to dissolve the organization. Jauregui said, "There is no agreement on antiterrorist strategy, and we are collaborating only moderately or only in such matters as are of interest to the PNV in industrial and economic policy." This was in apparent reference to the revolutionary blackmail of businessmen.

However, he added, "It cannot be said that our relations are at a dead end. They are difficult relations, with ups and downs, which are too dependent on the Basque political situation, the PNV's internal problems and the traditional dialectic of tension that nationalism enjoys practicing. That posing as victim is due to an obsessive preoccupation of Garaicoechea's cabinet with satisfying and maintaining ideological contact with national radicalism instead of paying attention to the majority of the people, who are the 450,000 PNV voters, the 230,000 PSOE [Spanish Socialist Workers Party] voters and those of the Popular Coalition."

#### Generalist and the Agreements

Within the context of this situation, of utmost importance are the statements made by Jordi Pujol, president of the Generalist, which called for revision of the government-community economic relationship clauses and emphasized the possibility of requesting a relationship based upon an economic agreement. Pujol complained of the positions maintained by the ministers of territorial administration and of economy, Tomas de la Quadra and Miguel Boyer, respectively.

Sources at the Ministry of Territorial Administration cite a figure of about 90 percent for matters transferred to Catalonia and around 80 percent for the Basque Country, although they acknowledge that some of these matters are important and difficult to negotiate because of the demands of the autonomous communities which, in their opinion, shatter the principle of regional solidarity or present the danger of triggering public spending.

#### Money for Astano

For its part, the Galicia Xunta feels that it is being discriminated against. Its leaders stated recently that this discrimination is being applied for ideological reasons. In Galicia, the lack of "delicacy" on the part of Prime Minister Felipe Gonzalez, who cut short his talk with Gerardo Fernandez Albor because of this appointment with the Turkish Defense Minister, did not sit well.

Recently, industry adviser Diaz del Rio announced the granting of an extraordinary credit of 28 billion pesetas for the construction of ships in an effort to offset plans to convert the Astano shipyards; this affects more than 5,000 workers who had engaged in a general strike.

## EXAMINATION OF PROBLEMS FOULING ARAGON AUTONOMY

Madrid YA in Spanish 13 Aug 84 p 8

[Article by Garcia de Frutos]

[Text] Zaragoza—The first autonomous government of Aragon has had to grapple with a lot of problems this first year of autonomy. Many Aragonese still do not understand or know what this autonomy is for.

Aragon's geographical situation and its sparse population, with 1.2 million inhabitants in the region, create difficulties which need to be solved.

Since 8 May 1983 the Socialists, as in the vast majority of the autonomous communities, have dictated Aragon's fate, against an opposition that is doing everything possible to ensure that the government serves everyone and not just a few, although the distribution of forces in the Aragonese Cortes (33 Socialist seats, 17 for the Popular Group, 12 for the Aragonese Regionalist Party, 2 for the Communist Party of Spain, 1 for the CDS [Democratic Social Center] and 1 independent) makes it impossible to accomplish this goal most of the time.

Throughout this period of just over a year, the Cortes of Aragon has passed more than 10 laws, many of which were necessary to set the autonomy in motion. Such is the case of the law which established the seat of the Aragonese Cortes, or that which regulates the political responsibility of the General Deputation and its president, the designation of senators to represent the autonomous community, or the law that regulates the introduction of legislative initiatives before the Aragonese Cortes, or the law on the general budgets of Aragon or the Regulations of the Regional Cortes . . . The main thing was to provide the necessary mechanisms for the government and the Autonomous Cortes.

#### Confrontations over Transferences

The issue of the transferences has pitted the opposition most sharply against the regional government. The Popular Group as well as the Regionalists and the mixed group have criticized the General Deputation for its "excessive dependence on Madrid" when negotiating the transferences. For the opposition, this factor served as "a major curb on autonomous development" which "prevents us from achieving the ceilings that the Basque Territories and Catalonia have." In this regard, the Communist deputy to the Aragonese Cortes, Antonio de las

Casas, stated recently that Madrid should grant the same autonomy to all communities, and they should decide how much and in what way they wanted to take advantage of it.

The opposition has harshly criticized the paralyzation of the Aragonese Justice Act, a law that would enable the General Deputation of Aragon to defend the people and whose postponement was justified "by the need to move first to pass other legislation more important to our region." The Aragonese Justice Act is one of the most important laws for the Popular Group.

#### Language Problem

There is no doubt, however, that the most controversial issues of this first year have been the cultural and economic problems.

The language problem led to the harshest debate of all during this legislative session. The geographic situation of the eastern strip of Aragon, which borders on Catalonia, means that its residents speak a dialect that is not strictly speaking Catalan. This circumstance led the cultural adviser of the General Deputation of Aragon, Jose Bada, to propose that Catalan be offered as an elective course in the schools of these towns, but while some areas accepted this possibility, others rejected the plan because they feel that what they speak is not Catalan and this could entail some alienation from Aragonese culture.

This is the way the Popular and Regionalist groups saw it, and they requested that the cultural adviser suspend his actions on language policy until it had been debated in the Cortes. The president, Santiago Berraco, statute in hand, stated that the regional government has that right, however.

#### Economic Plan

Aragon's economic situation meant that one of the main priorities of the General Deputation was to draw up a regional economic plan to deal with the agrarian and industrial problems of the region, as well as the necessary solutions, in order to skirt the economic crisis as much as possible if not solve it. This economic plan was severely criticized by all social sectors of our society, and management as well as labor rejected it because they were not consulted ahead of time. The opposition also scored the way the regional economic plan was drawn up, claiming that it did not assess the situation realistically and that it did not propose concrete measures to solve the problem.

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## PEDRO BOFILL ON COMPOSITION OF SPANISH POLITICAL LANDSCAPE

Madrid ABC in Spanish 13 Aug 84 p 16

[Interview with Pedro Bofill, press secretary of the PSOE, by Angel Collado; date, time and place not given]

[Text] Madrid—Pedro Bofill, member of the Executive Board of the Spanish Socialist Workers Party (PSOE), believes that bipartisanship in Spain does not stem from the influence of the electoral system, "but from the will of the people, who with their political instinct know that the most stable systems are those that have two great forces with minority groups serving as buffers." The press secretary for the PSOE also claims that the former constituency of the Democratic Center Union (UCD) will remain loyal to his party in 1986.

[Question] What is your opinion of the recent "ultranationalist" statements made by Garaicoechea?

[Answer] The "lendakari" has lost the north, possibly because it is being dragged down by the policy of the Basque Nationalist Party (PNV), which is being very irresponsible and precipitous. This is placing the development of the statutes in a very critical situation. The principles of solidarity and unity in Spain must be respected in the process of autonomy.

[Question] Now that the Basque Fatherland and Liberty Group (ETA) seems to be cornered, finally, how much credit can the government take for this accomplishment?

[Answer] The government is standing very firm on the terrorist problem, but that is not a merit, that is its duty. The executive has enforced the law to its fullest, and has also been able to take action on an international level to sensitize European governments to the problem and make them accept their responsibility. That achievement, which is a plus for the government, is enabling the forces of freedom to win the battle against those who want to impose crime and terror.

#### Praise for Government

[Question] Will this be the great success trumpeted by the PSOE in the upcoming elections?

[Answer] There are some things it is better not to try to exploit. The Socialist government has enough accomplishments that it does not have to focus on that issue. (Pedro Bofill gets carried away praising the government's efforts.) The government—and this is something all Spaniards should be proud of—is dealing with problems that have plagued Spain for centuries, and it is trying to find solutions for them; it is making a strong and appropriate effort to solve these problems, although it may not be able to do everything. It is enforcing a strict economic policy so that once the crisis is overcome, jobs can be created, because we must not forget that the necessary structural reforms must be made to solve this problem. It is also formulating an educational policy that will alleviate the inequalities that have existed in this field; it is undertaking a reform of public administration to try to modernize our government; it has a defense policy that serves Spain's needs, with agile Armed Forces capable of preserving the peace; and it has a foreign policy that will enable it to join the Common Market on very favorable terms.

[Question] A certain discontent can be detected among the autonomous presidents of the PSOE because of the austerity measures imposed by the leadership and the fact that no effort is being made to compete in areas where they have a right to, such as the television channels . . .

[Answer] The Executive Committee has merely suggested that they need to practice austerity, and most of them have accepted that. Some may think the third channel is a high priority, and we have not opposed its creation.

[Question] There is also talk that some presidents, such as Madrid, Lerma or Leguina, may oppose the official party line at the 30th Congress.

[Answer] That falls within the free play of our organization. They have a perfect right to express such opposition, and that benefits the party. One of the great merits of the PSOE is its internal democracy.

[Question] Can the PSOE be expected to propose some change in its autonomy policy in December?

[Answer] The PSOE's directives on the autonomy policy will follow the same pattern of responsibility and solidarity.

#### Federalism Controversy

[Question] Will the federalism controversy come out in the debates?

[Answer] I am not getting involved in that controversy because it is a Byzantine discussion. Some comrades have that federalist tendency, but to me it seems like a banal issue. The historical origin of the federal state lies in the union of states that delegate functions to a central apparatus that coordinates them. In Spain, because of the mistakes and obstinacy of the past, the opposite was done. Now that we have struck a balance, we must not lose it through excess or defects.

[Question] What real chances does the government have to achieve the social pact?

[Answer] The government is very enthusiastic about this, and in principle, all the organizations say they want to achieve it. But sometimes we have heard the Workers Commissions (CCOO) say they want to negotiate and then impose too high a ceiling, merely trying to use the negotiations as a soapbox. But if one party drops out, I hope the rest can reach some agreement.

[Question] When you declared yourself to be "a lifelong Atlantist" you brought on a wave of criticism inside and outside the party . . .

[Answer] That was a misunderstanding. I was talking to a group of journalists, and I was referring to the North Atlantic Treaty (NAT), which proclaims the principles of liberty and democracy. I have always favored liberty and democracy, and in that sense I am a lifelong Atlantist, but as a disciplined member of an organization that is committed to the agreements of the 29th Congress, which say two things: that our membership in NATO must be submitted to a referendum and that we should not enter the military organization of the North Atlantic.

[Question] Are the rank-and-file Socialists beginning to realize that we must remain in NATO?

[Answer] Everyone is beginning to be aware of the importance of the decision; it is a very difficult question, and we must think carefully.

[Question] Should the electoral law consecrate bipartisanship?

[Answer] Bipartisanship is not up to any law. When Spaniards gravitate toward two basic political forces, it is not because the law tells them to. That is the will of the Spanish people, who perhaps through political instinct understand that the most stable systems are those that have two large forces and other minority groups that serve as buffers.

[Question] The Popular Coalition has announced a great offensive in its opposition efforts for next fall, in addition to an important expansion of its ranks.

[Answer] This is the second time they have announced that, but the right does not know how to be the opposition. It thinks that involves trying to paralyze the law through challenges to the constitutionality of legislation, and it has won only one such case, that of conflicts of interest for senators and deputies.

Replace Fraga

[Question] What do you think of the rumors that the former president of the Spanish Confederation of Business Organizations (CEOE) will go into politics, specifically, the Popular Alliance (AP)?

[Answer] Any citizen has the right to go into whatever field he chooses. If a businessman wants to make the political scene, he has the right to do so.

[Question] And what about the attempts to replace Fraga?

[Answer] It seems shocking to me that anyone would want to replace political leader who goes from seven to 106 deputies, because he is no good anymore.

[Question] Would the PSOE benefit from the division of forces that could be entailed if the center right were to undertake reforms to win the famous 3 million former UCD votes?

[Answer] There is a very low opinion of the former UCD constituents who leaned toward the PSOE in 1982. It is very wrong to think they could be the subject of bargaining. I think the final accounting the government gives of its accomplishments will satisfy them, and they will repeat their support of the Socialist Party.

[Question] Is it true that the Socialist Party supports Adolfo Suarez' CDS [Democratic Social Center]?

[Answer] We do not support certain parties over others. I have immense respect for Suarez because he has served Spain in an invaluable way, dealing with the first transition stage.

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## PARTIES LOSING YOUNG MEMBERS, CHANGING CHARACTER

Stockholm SVENSKA DAGBLADET in Swedish 20 Jul 84 p 6

[Commentary by Claes-Goran Kjellander: "In Spite of Increased Political Commitment, Parties Risk 'Growing Old'"]

[Text] The Swedish people are on the point of deserting their parties. A number of studies show that the parties in Sweden are about to be reduced to election machines. This has to some extent already happened in the United States, for example.

In the local democratic research group it has also been noted that men over the age of 45 have acquired an increasingly dominant position in the Swedish parties. An ever greater proportion of those active in a party belongs to this age group.

This proportion fluctuates for each of the parties, but over a 15-year period the tendency is pronounced for the parties as a whole. A study conducted by Jorgen Westerstahl and Folke Johansson notes:

"A change has taken place which is very disturbing from the point of view of the parties. If there is no increase in the number of people in the younger age groups in the parties, the character of Swedish parties as member parties will weaken."

What this means is that the parties are aging in a very literal sense.

## Party Interest Declining

But the research also yields other and at least equally interesting information: political interest and commitment has not declined. To the contrary, we have increased our commitment to society, but we are doing this outside of the parties.

Of each 1,000 Swedes, 160 would willingly run for local office, but only 50 of these are members of any party, which is the first requirement to be nominated and thus elected.

More than half of those who are politically committed choose other channels through which to exert their influence. Most commonly one tries to influence a political decision indirectly, through contacts with persons who are employed in municipalities and county councils.

The consequences of such a trend can be observed in the United States, where in more and more states a kind of general-assembly democracy via referendum has been introduced. A group of citizens can force a popular referendum, and the parties are then compelled to follow.

The best known example is the popular referendum that led to drastic tax reduction in California. But a referendum can be on any subject: from major city planning projects to minor questions such as the color of street lighting.

The parties are on the defensive. The trend analyst John Naisbitt writes that it will soon be regarded as a sign of limited intellect to be a loyal party follower.

#### Party Members Satisfied

In one looks instead at what the researchers have to say about those who are following the party path, one sees that they represent a satisfied group in society.

They believe that things are good in general and complain hardly at all about being payed too little, about the heavy load of paper work or too little time for their family.

In those who have left the party, on the other hand, we discover a dissatisfaction factor: they often believe that politics is altogether too bound to the party. They do not feel at home in a world where everything is black and white, or rather red and blue.

General studies have recently shown that "average" citizens have not gone along with the trend that has led to an increased polarization. Whereas in various political questions the citizens are crowded in a small middle area, their elected representatives have become increasingly defined. The pro-leftists go to the left, and the pro-rightists go to the right.

#### Confuses the Center

The trend is quite clear and ought to confuse the "center parties," which in the entire Western world have been forced to look on as the voters are being drawn to those parties whose position is clearest on the right-left spectrum.

Persons who satisfy the usual criteria for party activism--i.e., age, education, interest, participation in social life, etc.--but are still not members of any party, also perceive the polarization among the parties as something offensive.

They wish to be free to take a position according to their own lights in various questions as they emerge. They also wish to be free to change parties between elections.

This freedom is being used by more and more Swedes, especially by those who vote for the non-socialist parties. The percentage of party switchers has increased in every election, as has the percentage of those who decide very late for which party they vote for. A second group that is growing rapidly is the group of vote-splitters, that is, those who cast a different ballot in the local election than in the national election.

## SDP RETREATING TO OLDER POSITIONS IN ECONOMY, SECURITY POLICY

Stockholm DAGENS NYHETER in Swedish 29 Jul 84 p 2

[Editorial: "Socialist Offensive Through Retreat"]

[Text] The Social Democrats are getting charged up on the eve of their fall party congress. The general public is to get the impression that here is a movement and a government on the offensive.

"Sweden on the right road!" reads the theme of the congress. But where does this road lead? It does not lead toward brave new initiatives in the sense of a record year. The road is rather a road of retreat to the viewpoints and solutions that the Social Democrats have long opposed or otherwise not considered. The party's position, instead, as distilled from the leadership's utterances on pending bills over a broad spectrum of issues, approaches that of the bourgeois parties from which it is more or less clearly taken.

This can be explained in several ways. The Left Party-Communists see it as a turning to the right and a betrayal of the ideals of the workers' movement. The newspaper, SVENSKA DAGBLADET, explains the change as tactical. The party must conceal its past. Therefore, the voters are offered less Social Democratic policy instead of more, maintains SVENSKA DAGBLADET. The party lacks its own policy in order to meet criticism and thus is forced to borrow from others, the newspaper emphasizes.

Neither explanation yields the whole truth, but it is obvious that the Social Democrats are in a sort of retreat. In a book of interviews Kjell-Olof Feldt discusses with the perplexed questioners Berndt Ahlqvist and Lars Engqvist what is happening with a reform party which can no longer promise reform. The interviewers wonder where the road will take the identity of the Social Democrats when the bourgeois parties have much greater credibility in executing the necessary austerity measures. And how shall a vision and enthusiasm for it be built upon a policy of restraint.

Kjell-Olof Feldt believes that a period of adjustment is in the works. The goal of equitable distribution of wealth remains firm, but economic balance must be restored first. Feldt concedes that many within the party are disoriented and that the adjustment has been especially difficult because of the policy of promise pursued during the years of opposition. It took a year and a half in power before the insight into "the niggardly reality...could gain any kind of stable foothold" in the party and ministerial leadership, he reported. No wonder that many party activists still believe in new reforms.

But the reappraisal is taking place not only at the top of the party but also in different places within the labor unions. This is observed in legislative initiatives. Naturally, the Social Democrats in power have not been able to avoid thinking about new solutions, especially now when money no longer flows in on demand. And naturally the somewhat hypersensitive Social Democrats have taken very seriously a large measure of the bourgeois criticism against the tax system, the public sector's enormous size, the bureaucracy, etc. The party debate does not go on in a vacuum.

Still it is a mistake to say that the Social Democrats are only accommodating themselves to bourgeois solutions. One still finds peculiar Social Democratic characteristics in, for example, their view of the tax structure (continued reductions in tax deductions for business losses, a skeptical attitude toward tax deductions for families with children) and in their attitude toward the public sector (likely new solutions but within the existing framework). Here one can still say that the party on the whole is adjusting itself.

But the retreat need not only mean adjustment to the opposition. It can also be a return to one's own older positions. That is the case with respect to defense where the party is adhering more to the old "gray socialist" defense initiative. Military defense must not as the previous congress provided get less "in real terms" nor must it be weakened to the advantage of civil defense.

The same thing applies to the new emphasis on knowledge in schools and studies of cultural heritage, a revival of the old tradition of public education. These budding ideas about "user cooperation," participation by those affected, whether in schools, rental housing, daycare centers or hospitals can be linked together with the old decentralizing socialist trains of thought.

The retreat is thus also an attempt to resuscitate roots that died during the seventies. For Social Democracy it must still be very troublesome that readjustments do not give a unified picture. The party seems similiary astonished that the wind of debate is no longer at its back so as to land on the opposition. Olof Palme urges, as in Almedalen, the experiences of the sixties upon the party in his defense of government solutions for problems. But he forgets to take into account the experiences of the seventies, those which have precisely created the new climate for debate.

Tage Erlander is right when in an interview in STOCKHOLMS-TIDNINGEN he says worriedly: "We simply have not had any major ideologue since Wigforss." Olof Palme has for many people stood out as an ideologue. But his contribution has been in the development of reform policy at home and a kind of internationalism in ideological dress, not in the renewal of Social Democratic ideology. Now when renewal is needed in the very different decade of the eighties many party members and even many party leaders are mired in confusion.

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## FRISCHENSCHLAGER, LANC DIFFER ON MISSILE QUESTION

Vienna DIE PRESSE in German 3 Aug 84 p 3

[Article by Andreas Unterberger: "Small Missiles, High Explosive Force--One State Treaty, Two Ministers and Many Problems With Austria's Security"]

[Text] Vienna--Once again it was a U.S. newspaper which exposed a conflict which had been smoldering for months and which is of extreme importance to Austria's national interest. There is only one difference between the technology question broached in the WALL STREET JOURNAL last week and the renewed furor about the missile question caused by the WASHINGTON POST: in the former, the subject was the virulent conflict between the United States and Austria; in the latter, a long-standing controversy between Defense Minister Frischenschlager and Foreign Affairs Minister Lanc.

It concerns a basic principle of the existence of Austria, in which a head-to-head confrontation between the two coalition partners is a direct threat. Until recently, discussions between Lanc and Frischenschlager served to pour oil on troubled waters. But now the question of missile procurement is openly on the agenda. And, just as was the case in the technology problem, almost everyone regards this public controversy as just one more worry about an exceedingly thorny issue.

The personalities involved, which are of interest only to the media, are merely an appendage to a much more basic problem. On the one side there is Erwin Lanc who is otherwise trying hard to establish himself as a statesman, who is cutting all ties with the leftwing connections of his earlier years and who is trying to avoid any kind of conflict with the opposition. Nevertheless, in matters affecting the national defense he still takes positions which are considered provocative by those who are interested in security. On the other hand, there is Friedhelm Frischenschlager--uncommonly dedicated, clever, but in no way yet successful in having mastered the leap from the parliamentary backbenches to one of the most difficult ministries; he came to grief with his high-pressure advocacy of the procurement of old Centurion tanks, regardless of the correctness of his position.

There are others involved. Federal President Kirchsclaeger backed the missile position of the Foreign Affairs ministry which he had once headed--much to the surprise of many and to great acclaim by the VOLKSSTIMME. On

the other hand, voices are heard within the OeVP [Austrian People's Party] and especially in the federal armed forces which sound a lot like Frischenschlager's. In between there is the vacillating federal chancellor.

But more important matters are involved than personalities and party politics. On one hand, there is Article 13 of the International Treaty concerning the "Prohibition of Special Weapons"; on the other, the credibility of the Austrian national defense and its deterrent effect; but also the political and military credibility of neutrality.

At first glance Article 13 appears to be quite unequivocal: "1. Austria shall neither possess, nor manufacture, nor test: a. any type of nuclear weapon; b. ... (other types of weapons of mass destruction); c. any type of selfpropelled or guided missiles, torpedoes, nor instruments serving to launch or control them... The allied and associated powers reserve the right to add to this article prohibitions of any types of weapons which might be developed as a result of scientific progress."

This directive which did not cause much discussion in 1955, unlike the matter of economic burdens, is now the centerpiece of Austrian worries about the International Treaty. At that time Article 13 was an automatic transcript of identical provisions in other peace treaties. In the beginning it was particularly the British, who still seemed to be suffering from the after-effects of the "V-2 psychosis" (Adolf Hitler's miracle weapon of the last phase of World War II, which had more propaganda than military value), who insisted on such injunctions. But for a long time now only Moscow has been invoking them.

Today it can be said unequivocally that this article constitutes no obstacle to the procurement of anti-tank and anti-aircraft missiles which are so urgently needed in Austria. There are four very obvious reasons for this.

First of all, the other countries subject to comparable peace treaties all have such missiles without this being construed as a violation of their treaties. The Finns have solved the problem most elegantly by buying their missiles in Moscow and London--without any change in their treaty.

Secondly, one can use the argument of international law expert Hanspeter Neuhold. He argues that the recognition of Austrian neutrality by the signatory states of the State Treaty and the fact that continuing neutrality includes the duty of maintaining an effective national defense, have canceled the restrictions on an effective national defense contained in the State Treaty.

Thirdly, an argument which Frischenschlager now considers his own, an interpretation of the 40-year old text indicates that at that time the intention was to prohibit heavy offensive weapons, but not the purely defensive weapons which were developed long afterwards and which today are absolutely necessary. Had this not been the case, Austria would have been forbidden to have any kind of armed forces.

And fourthly, the Soviets have specifically proposed to the neutrals to take some countermeasures against the possibilities of overflights by U.S. cruise missiles.

These points are in direct confrontation with the basic fear of the Foreign Ministry of running counter to the International Treaty and especially not to incur Moscow's anger. Any mention of Article 35 of the International Treaty which, in case Moscow really wanted to unleash a debate because of a few missiles for the federal armed forces, contains fully acceptable provisions for settling interpretation controversies and as a last resort puts the Secretary General of the UN into a key position, is considered the devil's handwork in the foreign ministry.

While this attitude has been traditional in the foreign ministry, not to mention Rudolf Kirchschlaeger, Lanc has added a few twists of his own. He feels that the International Treaty is reason enough why there can be no question about shooting down foreign aircraft; also, that missiles would impair rather than improve Austria's security, since they would constitute a target for an aggressor. Lanc's critics accuse him of being insufficiently informed about the International Treaty; of obviously confusing the hard-site ICBMs of the superpowers with small, mobile defensive missiles; and of ignoring the fact that any kind of military structure--be it a barracks or a jeep--is a potential target. However, they feel that all this is irrelevant; what remains are the misgivings of the foreign affairs ministry about the International Treaty.

We might mention parenthetically that these misgivings are outweighed by easy compliance with Minority Article 7. Much more important however is the fact, confirmed by virtually all military experts, that without defensive missiles an effective national defense is unthinkable and that, as Frischenschlager agrees, without them Austria threatens to turn into a European crisis factor; that the recently expedited "permanent fortifications" would become a suicidal farce without antiaircraft protection; that the interceptor aircraft which are about to be procured would make no sense without missiles; and more than anything else, that there is no hesitation in asking hundreds of thousands of Austrian draftees to lay their lives on the line without sufficient protection while worrying about cross words from Moscow.

Added to all that is a long list of political mistakes. It appears pretty obvious today that in the early 1960s missile deals could have been made with then-Soviet Defense Minister Malinovskiy, but that Austria failed to take advantage of the opportunity--which once again can largely be blamed on the OeVP. It was fashionable in Austria to emphasize International Treaty misgivings so as to elegantly disguise the fact that not enough funds were available. The foreign affairs ministry was never particularly interested in national defense matters. After missing the boat with Malinovskiy several Austrian defense ministers made tactically inept attempts at getting Moscow's permission to procure missiles. Frischenschlager too has during the past few months tried to go to Moscow as a member of the federal chancellor's

party and to have semi-official talks on the subject (which has now apparently come to naught).

In the view of independent experts a broad national consensus on this question is urgently required, rather than requesting Moscow to come up with an official revision of the European post-war order--which could not be granted by the Kremlin because of a probable ensuing mass of other problems which would arise therefrom with other countries, including East European ones. A national consensus would pave the way for our own legitimate interpretation and for quietly but resolutely procuring the necessary armaments. If the Soviets refuse to sell them, then we might just try elsewhere.

9273

CSO: 3620/403

## ARMY ORDERS 30 SUPER PUMA HELICOPTERS FOR RAPID ACTION FORCE

Paris LE MONDE in French 21 Jun 84 p 12

[Text] The staff of the French army intends to acquire 30 Super Pumas, a new helicopter designed by the National Industrial Aerospace Company (SNIAS) for use by the Rapid Action Force (FAR). At the same time, the planned creation of the current FAR airborne division, a unit of 6,400 men specifically in charge of anti-tank activity, will be reexamined.

Announced in November 1982, the creation of the FAR consists of uniting a group of 47,000 men under the orders of a single staff commanded by General Gilbert Foray for the purpose of intervening very quickly in Europe along side NATO allies and overseas upon decision of the president of the Republic. In addition to three already existing infantry divisions, the FAR includes two new divisions: the sixth light armoured division headquartered in Nimes and essentially composed of [foreign] legion troops and "marines" from the naval infantry and the fourth airborne division (DAM) headquartered in Nancy.

Originally, in addition to an infantry regiment and two engineering companies, the fourth DAM was supposed to include helicopter combat regiments, or a total of over 200 helicopters, mostly Gazelles equipped with anti-tank Hot missiles for attacking enemy armoured vehicles 4,000 meters away. The DAM infantry has Milan anti-tank missiles.

According to new studies underway at headquarters, the DAM will now include only three helicopter combat regiments. Each of these regiments will receive 30 Gazelle helicopters equipped with Hot missiles, 22 Puma manoeuvre helicopters (which are truly "all-purpose") for transporting the anti-tank infantry, munitions, fuel and logistical supplies and 10 Gazelle helicopters armed with cannons for helicopter battles. It is this squadron of 10 light Gazelle helicopters that was supposed to be replaced by support and protection helicopters (HAP) whose manufacture is, in principle, stipulated by the terms of the recently signed accord between France and the Federal Republic of Germany.

On the other hand, the three DAM regiments of combat helicopters will be completed by a command and services regiment that will get the new Super Puma helicopter.

## Orchidee

Produced by SNIAS, the Super Puma can transport up to 22 passengers and reach speeds of 290 km per hour. In another flight configuration, it can carry up to 4 tons of equipment or sling loads on the order of 4.5 tons. Depending on the version selected, with additional fuel tanks, the Super Puma can reach distances of over 1,000 km (standard version) or 1,800 km (in an elongated version).

The army staff has estimated its needs at approximately 30 Super Pumas and has planned to finance this acquisition with the funds allocated by the law on military programming for 1984-1988. As for SNIAS, it is a decision that is important in principle, since until now this helicopter had been made only to fill export orders, for both civilian and military customers.

At FAR, whose manoeuvre capabilities are increased, the Super Puma should add the possibility of moving around a new light anti-tank armoured vehicle the army wants to acquire on the field of operations by hoisting it in its sling. This new light armoured vehicle is armed with four Hot anti-tank missiles ready to be fired by a system for reloading from the vehicle interior. Two models of this new anti-tank combat vehicle are competing.

In addition, the Super Puma will be able to carry the Orchidee system for gathering information on and locating enemy targets on the battlefield that is being defined by technical services. The Orchidee system is essentially a helicopter-carried radar unit that detects moving targets along an 80 km front and to a depth of 80 km beyond the contact zone and transmits observations to a ground station in charge of using this information for the benefit of command posts of the forces behind the front.

9969

CSO: 3519/444

## DEBATE ON PURCHASE OF ANTIMISSILE SYSTEM FOR FRIGATES

Amsterdam DE TELEGRAAF in Dutch 21 Jun 84 p 25

[Article by H.F. van Loon: "New Clash Between Van Houwelingen and the Navy Over Weapon Systems for Frigates--Intense Lobbying in Favor of the British Wolf and the U.S. Sparrow"]

[Text] The Hague--Saturday--There is agreement on one thing in the little world of the military, politicians and industrialists who are involved in large defense orders: There has never before been so much aggressive lobbying and to such a large scale as is now taking place in The Hague with respect to the purchase of a weapons system. The pressure and counterpressure now being exercised have to do with the arming of the M-frigates of the Royal Navy.

Several months ago the first four of a series of eight vessels were ordered for the purpose of helping the navy's De Schelde shipbuilding yard in Vlissingen survive an RSV [Rijn Schelde Verolme--a shipbuilding company] disaster. The cost per vessel: 360 million guilders. Estimated cost of the modern antimissile system, without which the frigates could already be counted out as destroyed in the first hours of a battle, 400 million guilders for arming eight frigates.

Now a very intense and often untransparent struggle has erupted over this guided weapons system, with all sorts of interests in competition with each other: military against political interests, interests of the Royal Navy against those of the political leadership, British industrial interests against those of the United States. But in the background the decisive question remains: Who will have the last word in the procurement of military equipment? Does the decision rest with the military people who will have to work with it or with the politicians who prefer to give a high priority to economic and political considerations?

The intense lobbying, a practice which up until recently people were told was not taking place in Holland, is now raging over a British wolf and a U.S. sparrow and both of these creatures appear to have had an excellent build up for confronting each other.

The British Seawolf versus the U.S. Seasparrow: These are two more or less equivalent systems which must protect the Dutch frigates in their main tasks in time of war, namely, the safe escorting of convoys from the United States to Western Europe and the combating of Soviet submarines.

The greatest threat to escort vessels is presented by missiles fired from aircraft, surface vessels and submarines--missiles such as the legendary Excocet which sunk several British warships during the Falkland conflict. The Seawolf and the Seasparrow are the answer to this threat. Automatically and without human intervention their radars detect approaching missiles which, as they draw closer, skim low over the water from behind the horizon, then these radars fire an antimissile rocket vertically in the air after which, in split seconds, the rocket seeks its pray, flies towards it at supersonic speeds and destroys it in the air.

Versions, such as are now employed in Dutch frigates, are fired from directional launching tubes. The vertical arrangement is the development of the near future. There will not be any more blind spots, the vertical cylinders can be emplaced all over the deck wherever there is space.

#### Falklands

Which system is better? Britons and Americans, moreover supported by Netherlands who have already taken sides, cry out the loudest: "Ours!" In promoting the Seawolf, Captain Clark, the British defense attache, says: "We have war experience in the Falklands. During a recent test we shot down an Excocet missile and we even brought down a 10 centimeter shell. Our missile is half as small and twice as fast as the U.S. one. The Seasparrow has never yet brought down a low flying missile and we also believe it cannot do so. Moreover, it is slow and unmaneuverable. It is a weapon of the past decade, while the Seawolf is the weapon of the present times."

The U.S. Raytheon Industry says this about its Seasparrow: "Our weapon system is further advanced; it has a range of about 20 kilometers, while the Seawolf does not go any farther than 8 kilometers. Due to the heavier charge we can destroy an approaching missile and do so right on the spot. Nine NATO countries have already been using our weapon and are enthusiastic about it. Moreover, if you want to destroy an enemy missile with certainty you must fire two Seawolfs as opposed to one Seasparrow."

#### Choice

For the Royal Navy this matter is crystal clear: "We have a very clear preference for the vertically launched Seasparrow." This is so clear a choice that U.S. industrialists are not even bothering to engage lobbyists in Holland. "The Dutch Navy is our very best spokesman. There could not be a better one."

The navy's argument is as follows: "We have been working with the Seasparrow for years and going over to another system is going to cost enormous sums of money and is also going to take converting and retraining. We have already paid a portion of the cost of developing the Seasparrow (along with the United States and Canada) and that money is now gone; moreover, we have our doubts about British promises in this matter."

When asked about this one of those involved explained what he meant: "In April British Deputy Minister Patty signed a letter of intent in which, in exchange for the Dutch procurement of Rolls Royce engines for the M-frigates, he promised to purchase the Dutch "goalkeeper systems" (these are fully automatic rapid firing cannons which serve as a last protection against unintercepted missiles). As it turned out the letter of intent contains many escapes providing all possible ways for the British to get out of their commitments. I have yet to see such a Dutch system installed on a British warship."

The reality of the situations is also that everything is pointing to a new confrontation between the navy and Parliamentary Undersecretary Jan van Houwelingen (of the Christian Democratic Action's left wing). The first confrontation took place on 17 April when Van Houwelingen put an end to a controversy (about the procurement of U.S. or British gas turbines), that had to do with the wishes of the navy, by purchasing the Rolls Royce units and especially by declaring publicly and clearly: "Policy decides the kind of materiel to be purchased by Holland and not one of the elements of the armed forces!"

#### Budget

Observers are not excluding a new confrontation: "The British are making an intensive effort in playing off the card of European collaboration, because they know that Van Houwelingen is hammering very hard on this, since this year he is chairman of the IEPG [Independent European Program Group] club where European countries are talking about collaboration in the production of defense materiel. Moreover, in The Hague there is now talk of a certain anti-U.S. vote now that Washington is so systematically sabotaging all efforts for a more balanced materiel procurement on both sides of the ocean. There is also talk of sharply opposing views between Van Houwelingen and Rear Admiral W. Kool, the navy's director of materiel, whose view is: "I have a certain budget and I have to watch that and I am also accountable for what happens to it." This view is not shared by the politicians.

As a navy man put it: "We are not happy if it is policy that decides what has to be purchased, because we are the ones who must go to sea with that."

Now they have the feeling that they, Van Houwelingen and the Second Chamber's Defense Commission could, by chance, come to realize that British Aerospace (the manufacturer of the Seawolf) is being extra aggressive. A Dutch representative of the British concern says: "Dutch industry and the Dutch Government have without a doubt already paid out between 15 and 20 million guilders for the cost of developing the U.S. Seasparrow project and that is money which we will have to count as a loss if this matter is dropped."

Dutch industry is also tensely awaiting how things are going to be decided. For industries such as Hollandse Signaal, Fokker and Bronswerk it is a matter of orders amounting to tens of millions which they could rake-in in the area

of industrial compensation or as subcontractor in the construction of one system or the other (and sometimes even both of them!). By the end of September, when Holland's decision must be made, the intense behind the scenes lobbying in The Hague will still be there (probably it will be even more intense than it is now).

Observers estimate that the chances for the United States to win this battle now stand at 60 percent. "But," they add, "the ultimate decision will now be found entirely within the sphere of politics and no longer in the operational one... but anything is possible..."

7964

CSO: 3614/111

## CIVIL DEFENSE CHIEF: NUCLEAR ATTACK WILL NOT END RESISTANCE

Stockholm SVENSKA DAGBLADET in Swedish 6 Aug 84 p 8

[Text] "Should somebody try to intimidate Sweden into capitulation with a single nuclear bomb, my advice to the government would be not to give up." Civil Defense Chief Gunnar Gustafsson made the above statement to TT [THE SWEDISH CENTRAL NEWS AGENCY].

According to Gustafsson, Sweden has two types of nuclear protection. It has got protection against bombs used near Sweden and which give serious secondary effects, and it has got protection against direct attacks.

"The protection is good against secondary bombings," Gustafsson says. "But the possibilities of protecting oneself against a direct attack are small--outside the target areas, however, we build up the preparedness--and, there, shelters play an important role."

Gustafsson warns that, in a future war, one cannot exclude the possibility of attacks on water storage facilities of power plants--even if there are conventions against that type of warfare.

"We ought to have better resources for alerting the civilian population in the event of an attack on the storage facilities. This problem will have to be solved within 15 to 20 years."

The Civil Defense has made risk analyses of such attacks. A first step in countering them is to lower the water level in a risk situation.

A new term in warfare coined by the UN and the Stockholm peace research institute (Sipri) is environmental war. The attacker simply exploits forces in nature to harm the defendant.

A British researcher warns against rocks from the planet Mars' asteroid belt being targeted on enemy countries on earth with nuclear charges. The damage caused could be enormous on account of the enormous velocities of asteroids.

Other fantastic ideas are to bomb volcanoes to activate them or start earthquakes or gigantic tidal waves in the oceans.

Johan Santesson, research chief, at FOA [the Swedish National Defense Research Institute] tells TT that Swedish stockpiles of chemical substances, types of chlorine, sulphur dioxide and ammonia, may be improved if they are located in storage facilities and factories in better chosen locations in the future.

## PSYCHOLOGICAL DEFENSE OFFICIAL ON INCREASED FIGHTING WILL

Stockholm DAGENS NYHETER in Swedish 9 Aug 84 p 38

[Text] "The defense will will also in the future be strong among the Swedish people," says Per-Axel Landahl, head of section of the National Swedish Psychological Defense Planning Committee.

"The nuclear arms threat may, indeed, have the effect that people will have doubts about our defense, but the wars in Vietnam and Afghanistan show that it is meaningful to fight even against a super-power."

Psychological defense was discussed last Wednesday at the summer symposium of CIVILA FORSVARSTIDNINGEN at Gottskar. The question of the effect of the peace movement on the defense will, naturally, also came up for discussion.

"The strong involvement in the peace issue will not have the effect that the national defense will be discontinued," Landahl pointed out. "Even if the peace movement includes radical pacifists, it is quite clear that the majority of the population wants a strong defense."

"A strong defense will, in the future, however, presupposes an open and comprehensive supply of information on security policy, on total defense and a versatile debate."

The information policy of the Swedish Defense Establishment, on several occasions, has been an awkward issue, not least in connection with the submarine incidents.

"Until Hårsfjärden, a Sunday school mentality reigned when it came to information policy," said peace researcher Wilhelm Agrell, who participated in the symposium. "As long as there were enough printing ink and printing presses, the question of information was assumed to take care of itself."

"However, the submarine incidents showed the monumental problem of the free society: What to say and what not to say. The fact that the volume of information to the mass media alternated from one submarine hunt to the next and sometimes, on several occasions, during the same submarine hunt reflected the difficulty of the problem."

## ARMED FORCES COMMANDER ON SUB INTRUSIONS, SOVIET SPY SHIPS

## Coastal Corvettes in Doubt

Stockholm SVENSKA DAGBLADET in Swedish 13 Aug 84 p 2

[Editorial: "Agreement on Coastal Corvettes"]

[Text] On 14 March the leaders of the four democratic parties held a joint press conference. They had reached agreement on defense issues. According to them this was a very important event of almost historic significance.

One of the concrete issues involved submarine defense. On this point it was said that the economic framework agreed to "also made it possible to speed up acquisition of the coastal corvettes, as proposed by OB [Supreme Commander of the Armed Forces]."

It was very good that the question of the coastal corvettes was given a central place in the agreement. The submarine hunt then going on in Karlskrona had already shown that the absence of vessels that could both detect and combat submarines was a big drawback. It later was almost embarrassing when it became evident that the submarine rescue ship "Belos" had probably followed a submarine but could not take any action because it lacked the resources with which to lead a submarine hunt.

Naval sources now say privately that submarine violations are continuing, even though the number of reports declined this summer. Coastal fleet staff chief Claes Tornberg said the navy has become better at protecting our coasts from intruders. But the navy still lacks the means to force a submarine to the surface, according to Tornberg.

There are primarily two areas where there are defects in sub hunting--there are not enough helicopters and there are still no sub-hunting ships at all.

So it is good that the navy will soon get two coastal corvettes, with another four to come within the next few years. For that was the substance of the agreement among the four parties, wasn't it?

No, that is not what the parties agreed to. In the joint communique it was stated that the defense budget should "make it possible" to speed up the

acquisition of the four coastal corvettes, not that such a speed-up would actually occur.

According to reports the government is going to put this project in mothballs. It is undeniably a new element in defense policy that ships are not even built before they are put in mothballs.

The final decision to delay acquisition of the coastal corvettes has not yet been made. A tug of war is taking place between the Defense Ministry and military authorities. But without active pressure from the political parties that backed the Social Democratic defense policy we will not get more than the two coastal corvettes that have already been ordered.

How would it be if the three nonsocialist parties followed up their very important agreement with the Social Democrats on defense to some extent? This is necessary, for experience shows that budget framework agreements with the Social Democrats are risky, to say the least. The Center Party and the Liberals are still licking their wounds after the Arabian Nights events.

This does not mean that the nonsocialist parties should move heaven and earth if the Social Democrats now default on the coastal corvettes. But it might be a good idea to tear up the defense agreement and thus give the voters in this country who want a stronger defense a party to vote for in next year's election.

#### Better Antisub Defenses

Stockholm SVENSKA DAGBLADET in Swedish 13 Aug 84 p 6

[Article by Erik Liden]

[Text] "New submarine violations took place this summer and everything indicates that there is continued foreign activity in our waters although to a lesser extent than in 1982 and 1983."

So said General Lennart Ljung, the commander in chief, after resuming his place in the staff building known as the "Bastion" in Stockholm after a long summer vacation.

"The defense system has received a large number of reports, although fewer than in 1983, concerning submarines in the period from March to August, in other words after the Karlskrona incident," said the OB.

The reports and observations were visual to a large extent and turned in by civilians. There were no events that could be compared to Sundsvall, Tore or Karlskrona last year and this year.

"It is impossible to analyze the decline in intensity and tangibility we now find. It is still just speculation that this is a temporary phenomenon."

The commander in chief emphasized that the coastal fleet's extensive exercises in submarine defense, new materiel and improved training meant that the capability of the armed forces was improving slowly but surely when it comes to hunting submarines.

"It is now important to balance efforts inside and outside the archipelago and to set up good ocean surveillance with airplanes, corvettes and radar. I will present a long-range plan for submarine defense to the defense minister on 15 October."

#### Summertime a Problem

Lennart Ljung has followed the debate on the summertime preparedness of the armed forces.

"This preparedness is a problem since we try to balance personnel needs for a vacation against the need for preparedness. I recommend a basic level for defense readiness but it is the right and the duty of military commanders to increase preparedness if they consider it necessary. This also happens now and then.

"However the West German naval visit to Lulea in June was not handled well.

"We are discussing supplemental officers on board, a well-defined route for foreign vessels, accompanying ships and radar surveillance and airplane escorts. The Coast Guard and the police must also be closely involved in this surveillance."

The commander in chief pointed out that the unexpected visit by 11 West German [as published]

The OB put a top priority on air force preparedness, which is the highest in the armed forces. He said that airplane activity at F-21 in Lulea, for example, could be closed down for a few weeks in the summer if airplanes from other squadrons made regular flights over upper Norrland. But radar and combat command centers have to keep running.

"We must realize that we do not expect a war just now, but at the same time we must be able to increase our readiness quickly. We have quite different resources for doing so today than we had 10 years ago. Officers also have an obvious determination to take part in daily preparedness efforts."

Lennart Ljung had a positive reaction to the Social Democrats' new security policy program although he would not comment on partisan issues.

"It is good that the program is in accord with the analyses of the security situation that I outlined in the perspective plans of the armed forces. It is also good that they have stressed the need for a military defense at a reasonable level in the future as well.

## Agreement Good

"The four-party agreement that was reached in the spring was a welcome contribution but a new economic increment will also be needed in 1987 if we are to check the diminished capability of the armed forces and live up to the decisions in the 1982 defense resolution."

The OB pointed to two difficulties, the government's decision to compensate for a maximum of 4-percent inflation and the record level of the exchange rate of the dollar.

"But the concern for the JAS [fighter-bomber-surveillance plane] 39-Gripen project should not be exaggerated since it covers a long period and now also has a foreign exchange index."

Lennart Ljung stressed the need for improved draftee training in order to maintain the positive interest in defense that exists today. Among other things, he would like in the long run to have more active officers and also make use of reserve officers and drafted noncommissioned officers in basic training.

"In contrast to the rest of society, the defense system trains units--not individuals. We can never keep everybody busy all the time, but the obvious defects that exist today must be eliminated.

"I have made it very clear to the Conscription Committee that there is no way to curtail basic training more than the minimum 7.5 months we have today. In addition, officers for the conscripts must be trained for a longer period of time, which should be done before the soldiers come in.

"We must retain and expand our training standards. The armed forces can never become complacent and think that everything is fine," concluded the OB who will start his 7th year as top leader of the defense system on 1 October.

## Faster Response to Sub Sightings

Stockholm SVENSKA DAGBLADET in Swedish 13 Aug 84 p 6

[Article by Roger Magnegard]

[Text] Gryts Archipelago--In the dark August night the patrol boat "Mjolner" dropped anchor close to a rock on the outskirts of the archipelago. With its lights extinguished it lay watching the sound. Everything was quiet on board. Only the radar, the infrared camera and the hydrophone kept watch over the water.

Other patrol boats lay in two other approach channels. They too were listening for intruders creeping along the ocean floor.

Further out to sea a Swedish submarine--on the ocean floor--lay listening. On an island, concealed beneath tall oak trees, were two sub-hunting helicopters and one light helicopter. They could be airborne with only 10 minutes warning. And further inside the archipelago lay minesweepers with high-frequency hydrophones and frogmen on board.

This has become the daily routine of the Swedish coastal fleet.

"Readiness cannot be any higher than this with the equipment we have now," said navy captain Leif Ahlquist. "For us the threat is a constant reality."

This was underlined by the fact that 45 seconds after an alarm the patrol boats had left their anchorages.

The force was one of the three permanent submarine forces that have been operating continuously somewhere along our coast ever since April. The coastal fleet's entire training and exercise system has been changed around to make this possible.

Each force remains out on maneuvers for 2 weeks at a time--and occasionally the exercise turns into grim reality. Where the maneuvers take place is determined by the latest intelligence reports.

#### Inside the Archipelago

The indications OB Lennart Ljung mentioned in the previous article occurred on the eastern and southern coasts. On several occasions naval units have had contact with minisubs inside the archipelago, a source told SVENSKA DAGBLADET.

"But none of the indications was comparable to the ones in Karlskrona this spring," said Captain Claes Tornberg, staff chief with the coastal fleet.

He is the one who built up this new system, which includes about 1000 men in the coastal fleet.

"In the past our problem has been that we arrived too late with too little impact and we had leadership problems," said Tornberg. "Now we are considerably better."

There is no thought of using the forces for lengthy searches.

"If we have not had renewed contact after 2 or 3 days, we usually break off the search and continue the exercise."

#### Can Drop 36 Bombs

The new weapons are mounted on the vessels. On the foredeck of the patrol boats are four launchers for Elma mini-depth charges. Within a radius of 80 meters 36 bombs are distributed--if one scores a hit the sub is forced to

the surface or sinks within a minute. And the probability of scoring a hit is considerably higher than with regular depth charges.

Another new element is the submarine net now found on all vessels. It is 90 meters long and 25 meters deep and would not stop a sub. But when the floats start moving on the surface one knows where the submarine is going and where to attack it.

The method works--at least on Swedish subs that tried to slip past the net.

In Tornberg's personal opinion the reason for the repeated intrusions is war planning.

"The risk of a surprise attack has increased. This is our way of meeting the threat."

The fact that sub hunting is now working, with ships and helicopters that are always prepared for a conflict, has also fired up the personnel.

"I get mad every time one gets away," said Mikael Johansson, artillery officer on the "Mjolner." "But we are getting better all the time."

Unfortunately the same thing is also true of the foreign submarine crews. Today they leave hardly a trace of caterpillar treads on the bottom. For each contact there are new tactical features--adapted to Swedish tactics.

"Our weakness is that we cannot sustain protracted reconnaissance," said Tornberg. "That is why we need to get coastal corvettes soon that can remain in one spot and listen for a long time--in contrast to helicopters.

"Without them we might as well stop hunting for subs--for in that case the authorities are not serious about stopping submarines.

"We are not trying to force up each intruder that comes here. It would be enough to do that one time in a hundred--that would make it well worth the effort. And with just a little luck we will be on the way."

#### Political Pressure in Sub Assessments

Stockholm SVENSKA DAGBLADET in Swedish 17 Aug 84 p 2

[Editorial: "Why is the OB Backing Down?"]

[Text] In Monday's SVENSKA DAGBLADET there was an interview with Commander in Chief Leif Ljung in which the general stated his belief that the activity of foreign submarines in Swedish waters was continuing. The text of the interview was approved by the defense staff and has not been officially denied.

At the same time the staff chief of the coastal fleet, Captain Claes Tornberg, said there were sure indications of foreign underwater activity.

On Wednesday a communique was sent out by the defense staff that was supposed to be an official denial of Captain Tornberg's statement. Technically it was not. But it contained embellishments and additions that must increase the confusion and uncertainty surrounding this big national issue.

The substance of the defense staff communique is that submarine violations may have continued and that they are working in an effort to "ultimately determine if the violations can be considered to have occurred."

The coastal fleet staff chief then repeated his view. He said there are quite reliable indications that the submarine incidents are continuing. And the staff chief is undeniably a first-hand source in this context.

The person ultimately responsible for the defense staff communique is the commander in chief. Why is the commander in chief now trying to gloss over the assessment he gave in the interview with SVENSKA DAGBLADET on Monday?

What is known is this:

The submarine incursions have been an unwelcome occurrence for Prime Minister Olof Palme. The fact that Soviet preparations for war are going on year after year along our coasts is something that does not fit in with Palme's international analysis and with his way of conducting foreign and security policy. Thus reports of continued submarine violations are not a pleasant signal for Palme and his government for this reason as well.

What is also known is that at the beginning of this week the government got in touch with the defense leadership with reference to the statements of the commander in chief and the coastal fleet staff chief. The government expressed its irritation on that occasion. After that the defense staff prepared its strange communique.

What happened is one more sign that the national leadership and the defense leadership cannot handle the situation created by the foreign submarine activity. The result has been uncertainty both internally and externally.

But after the unsuccessful sub hunts in the two big naval bases, Harsfjarden and Karlskrona, the limit for the amount of uncertainty that can be tolerated has been reached.

Although it is hard to force foreign subs to the surface, the lack of success in the sub hunts has inevitably eroded the credibility capital of the armed forces, especially since the incidents revealed weaknesses not only in our technical counter measures but also in the leadership and implementation of the operations. Credibility has also been diminished by the linguistic touches so incomprehensible to the Swedish people that have characterized the information activity.

The job of the commander in chief and the defense leadership is not to excel in inventing concepts and verbal expressions, an area in which they have not proved to be outstanding in any case.

Their job is to tell the Swedish people clearly, honestly and candidly what is really going on in their independent and politically uninfluenced opinion. This is a question of confidence as far as the Swedish people are concerned.

A commander in chief should not back down whether he is facing foreign submarines or political irritation.

#### Soviet Espionage from Research Ships

Stockholm DAGENS NYHETER in Swedish 17 Aug 84 p 9

[Article by Ake Ortmark]

[Text] The defense system handles around 20 billion kronor a year. Last year it was off by 7 million kronor in the final budget. That is around 4 per mill. One doesn't come that close without having a good grasp of what one is doing.

That was OB Lennart Ljung's comment on the criticism of the financial system of the armed forces which DN [DAGENS NYHETER] reported on Wednesday. In the interview the OB also deals with the Soviet research ships in Swedish waters which he suspects are engaged in espionage.

The OB protested strongly against the idea that the defense financial system is inadequate. The expression on his face also showed that he feels the defense sector is at the top of the public sector when it comes to planning and controls.

RRV [National Accounting Office] worker Elisabeth Uddenberg's memorandum is based on experiences from the fortification administration and the National Accounting Office.

She is also active in voluntary defense. But she is personally responsible for the criticism, not RRV as an authority, and the OB noted that with some satisfaction.

Partly Right

He admitted that the critics were partly right on a few points but in the same breath he pointed out that he himself and his colleagues had looked at the problems before anyone else and had dealt with them very effectively.

"Since a year and a half ago we have tried to decentralize the use of funds," he said. "A regimental chief is given a number of tasks to perform and a sum of money. How he fulfills these tasks is his responsibility in principle."

The OB conceded that construction activity has been a problem in the 1970's but he denied that conditions were really bad. Critics have charged that new buildings are sometimes built unnecessarily, since the capital costs are "free services" from the point of view of individual units.

It is true that investment costs are not assigned to local units, but the OB maintained that investment needs are closely supervised by central authorities. A unit chief cannot wangle a new house for himself.

But the use of consultants instead of permanent personnel is a problem.

"At times we note that the use of consultants has become too great. If consultants are used for 3, 4 or 5 years it is probably too much. We are trying to deal with this problem."

The OB also admitted that there is a problem with "lying around." There is wasted time in the training of draftees. But it is better today than it was 10 years ago. And there is no room for shortening the training period, in Lennart Ljung's view.

"Incidentally, draftees today are unusually interested and motivated. I have not seen such a mood in the units since the state of preparedness period," he said.

Emphatic

The submarine affairs are a very topical issue in Lennart Ljung's office. At this moment they are analyzing a number of observations that may prove that the violations are still occurring.

The commander in chief is very careful in his statements on this sensitive point. There are people in the navy who talk about "violations." But Lennart Ljung will only refer to "observations" so far. This may be a variation on the classic discussion of "definite" and "possible" submarines.

In such an uncertain situation the Swedish commander in chief can travel only to the West. A visit to the Soviet Union is impossible at present. He went to Great Britain this spring. That was an emphatic gesture.

He feels Sweden should put a stop to the constant visits of so-called Soviet "professor ships" to Swedish ports.

A diplomatically trained commander in chief does not speak quite that boldly, but his emphasis is clear enough on this point too.

## Difficulty

The "professor ships" are the very well-equipped research vessels that make regular visits to many ports along the Swedish coast with the approval of the Swedish government. Their crews seem very interested in fish and in gathering mushrooms.

"This is a difficult problem," said the OB. "The vessels are classed as state vessels and have a special status. There is a risk that they are used for intelligence purposes. I say 'risk' because we could not go out and establish this point definitely. But I would view it as an advantage if the activity could be sharply curtailed: shorter periods of time, proper supervision, prohibitions in certain areas, and so forth."

A defense leadership should presumably have the same successful aura as the Volvo board of directors. And it does. A commander in chief should also be subjected to comparison with the industrial leaders who have been tempered in international competition. He can probably take the comparison. Lennart Ljung was ranked sixth among 300 officers in the NATO elite group when he attended the American Army's War College.

## Propaganda

And now he is putting his broad experience into information and propaganda on defense needs. Public opinion seems receptive. The channels are well-oiled, especially to the defense minister who is so friendly to defense. And the world situation is probably graver than at any time since the Cuban crisis in 1962.

[Question] Is the OB worried now?

[Answer] The superpowers have increased their military presence in the Nordic region while at the same time tensions are mounting. The security situation is very difficult. But that does not mean that the risk of war is especially great just now.

[Question] But has it increased?

[Answer] No, not really. The superpowers have become increasingly aware that a war in central Europe would be a tragedy of enormous proportions for both sides.

[Question] Sweden has reduced its armaments. Your own adjutant, Ninian Ramel, is leaving in a mood of desperation. Can the defense system fulfill its tasks in the intensified situation?

[Answer] We must fulfill our tasks with a defense power that has a reduced total effect. But there is an enormous drive and loyalty in the armed forces. Personnel attrition is no greater than it used to be.

[Question] At what point does an OB himself resign for the reason that he cannot do the job with the resources available?

[Answer] There is no such absolute point. But one can be forced to go over to other forms of defense. If we go below a certain level we must stop an assailant after he has come into the country. That is a strain on the civilian population. But we must count on this to a greater extent now.

[Question] What is a realistic goal for Swedish submarine hunts?

[Answer] We must acquire a reasonable ability to detect and combat a fairly good number of intrusions. That will take several years.

[Question] What does a "fairly good number" mean? Are we trying to combat 25 or 75 percent?

[Answer] The important thing is that an opponent feels that a violation is so risky that there is no point to it," said OB Lennart Ljung.

#### Soviet Port Visits

Stockholm DAGENS NYHETER in Swedish 21 Aug 84 p 7

[Article by Bengt Falkkloo]

[Text] Commander in Chief Lennart Ljung cannot stop the visits of the so-called Soviet professor ships to Sweden. This despite the fact that he fears espionage and would like to limit their traffic in Swedish waters.

"If the OB made an official request to UD [Foreign Ministry] or the Defense Ministry that the visits be restricted, it would have to be the subject of negotiations at the highest level between the two countries," said Captain Emil Charpentier of the Defense Ministry. "These visits by state ships are carefully regulated by international laws and ordinances."

The OB has not made any official move of this kind.

"I would regard it as an advantage if the activity could be sharply curtailed," Lennart Ljung said in a DAGENS NYHETER interview on Friday.

The professor ships, which are equipped with a great many radio antennas, do not have to pass through an inspection in Sweden. They just have to accept a local pilot and announce their visit 3 days in advance.

The ships, which are always named for some Soviet professor, are combined general cargo and training ships for officers in the commercial fleet.

All Soviet ships are state ships.

## Same Rules

Sweden has state ships too, of course, which follow the same conventions. These are naval ships, icebreakers, customs boats, fishery research ships and the like.

"If these vessels visit the Soviet Union, the same rules apply to us," said Emil Charpentier.

What attracted the attention of the Swedish military and security police is that the Soviet vessels are so lavishly equipped with radio antennas and that they often visit ports in Norrland.

Now the Defense Ministry does not believe that espionage lies behind these visits, at least not as long as clear proof is lacking.

"They carry wood products and pulp and these factories and shipping ports are located on the east coast."

## Some 20-30 Visits

Sweden receives visits in various locations from the Soviet professor ships 20-30 times a year.

The Soviet Embassy applies to the Swedish UD at least 3 working days in advance for permission for these ships to come here. The matter proceeds to the Defense Ministry which sends it on to the defense staff, whose security division looks into it, as does the National Police Agency. The OB also contacts military commanders in the area where the visits are to occur in order to get clearance.

The matter then returns along the same route and finally ends up with the Soviet trade delegation in Lidingo.

The reply contains the rules that will apply and information concerning the time the vessel should arrive and which routes should be used.

## Sometimes Refused

Has the answer ever been no?

"In recent years this has happened several times," said Emil Charpentier.

"This has been because we were holding exercises or were doing other work in some ports. We did not want any foreign visits at all to those ports at the time."

When the Soviet ship enters Swedish waters, a Swedish pilot comes on board. That is the only requirement there is. Swedish customs agents do not go on board.

When the ship enters port crewmen do not have to apply for visas before going ashore, but the sailors can only visit that particular community.

"The same rules also apply to all other countries. When the Norwegian fishery research ships put in at Goteborg the procedure is the same, as it also is for West German, Danish and English vessels."

6578

CSO: 3650/271

## SHORTER WORK HOURS IN BELGIUM, NETHERLANDS

Zurich NEUE ZUERCHER ZEITUNG in German 7 Jul 84 p 17

[Article by Brussels economic correspondent Thomas Hanke: "Against the Background of the German 'Collective Wage War': Experiences With Shorter Work Hours in Belgium and Holland: Benelux Version of the 'Leber Model'?" ]

[Text] Brussels, beginning of July--While in West Germany the issue of shorter work hours is the object of a fierce social confrontation, the Netherlands and Belgium are surprisingly coming up with initiatives by government administrations and by both sides of industry which create the impression that there is consensus in society concerning a shortening of work hours. It is in fact against the background of the strike in West Germany that, for instance, the wage agreement for the Dutch metal industry, which was reached without any industrial action and amounts to a work week of on the average 38 hours, has been taken note of with astonished interest. Is the shortening of work hours seen conjointly in the Benelux countries as a means of combatting unemployment? This question must be answered in the negative, even if the first impression suggests the opposite.

## Greater Flexibility in Work Hours

In the Netherlands and Belgium as well, the perceptions of employers and employees differ, leaving their more or less distinct mark on the sought-after or already realized plans for the structuring of work hours. Thus, the action by the employers' associations VNO [Association of Dutch Business and Industry]/RCO (Netherlands) and FEB [Federation of Belgian Business and Industry (Walloon)]/VBO [Federation of Belgian Business and Industry (Flemish)] (Belgium) can be presented in summary form as the following: greater flexibility in work hours is being sought, the aim of which is to intensify by doing away with unproductive periods of time, which would then increase the earning power of capital. The distinction between (individual) work hours and (operational) production hours is coming to the fore to an ever greater extent as an instrument in this. In contrast to this are the efforts by the labor unions, FNV [Federation of the Dutch Trade Union Movement] (Netherlands) and FGTB [General Federation of Belgian Labor] (Belgium), which are pursuing, as a condition of rapid advances in productivity, the shortening of work hours as a division of productive time among a constant or growing number of workers for the purpose of stabilizing or raising the rate of employment.

The two plans, at least insofar as they are not watered down in their terms, are mutually exclusive. The question is which arrangement has been carried through in the Netherlands and Belgium, or rather to what extent and in what way concerted action acceptable to both sides has been found. Of particular interest are the effects on employment of individual agreements.

In Holland, employers and unions agreed as early as the end of 1982 on the general recommendation that a better division of available labor be achieved, as a general condition of improved business profitability, whereby the shortening of work hours and the introduction of part-time work were addressed in detail. In anticipation of arrangements specific to various sectors or firms, the unions relinquished the statutory inflationary adjustment. After a provisional arrangement, which included a number of days off, the arrangement for work hours was made concrete. The wage agreement for the metalworking and electrotechnical industry can serve as a model, which could have inspired West German mediator Georg Leber as well.

Normal work time is reduced by 5 percent to an average of 38 hours a week. However, these figures are not very telling, since they could involve a medium of 3, 6 or 12 months. Actual weekly working time can vary from 34 to 42.5 hours. Yearly work time, which at the end of 1982 amounted to 1,848 hours, is effectively reduced by 5 percent. This arrangement makes possible the flexibility desired by business, since the reduction is offered in blocks of 8 hours every 4 weeks, 4 hours every 2 weeks or 2 hours every week. This plan makes it possible not only for large firms, but also for small ones which can estimate a seasonally differentiated rate of capacity utilization, to adjust smoothly to the necessary work hours in each case, since hours or days off are stipulated by the employer and cannot be taken by the employee whenever he pleases, as is the case with contractually negotiated vacation time. Through this, unproductive down time is especially reduced. An additional benefit to employers: since the normal working time per week is calculated as a quarterly or yearly average, overtime must be paid only when the long-range weekly average is exceeded. Even then, monetary remuneration of at most 50 percent should result; the bulk of it should be paid out in additional time off.

#### For Now No Chance of Uniform Reduction of Working Hours

It is clear even from the structure of this model that it has no direct effect on employment. The VNO labor market experts also make it clear that their organization is concerned first and foremost with a possible increase in flexibility. There is an additional underlying motive: the VNO would like to pull through the phase of high unemployment, which in the Netherlands is caused primarily by the fact that the increase in jobs is not keeping pace with demographic growth, without collective reduction of working time; this because it fears that in approximately 15 years, when the size of the work force is expected to stabilize, it would no longer be possible to rescind a general shortening of the work week. The present arrangement, on the other hand, makes no such predeterminations. The general shortening of the work

week or of the work day, demanded by the trade union federation FNV in its draft policy statement, continues to exist for the time being on paper only. The fact that the conclusion of the Dutch collective agreement was extolled in West Germany, especially in social democratic circles, as an exemplary realization of labor demands can be explained in Holland only as an acute crisis in reasoning.

#### No Compensatory Wage Increase in Belgium

Belgium has had experience with the uniform reduction of work time as well as with the differentiation between work time and operational time. At the end of 1982, the government bound both sides of industry to reach agreements, throughout the sector or within individual forums, which should satisfy the following conditions: 5 percent shortening of work time, 3 percent remission in pay and 3 percent new employment. Whoever did not meet his obligations with regard to increasing the number of persons employed should transfer the yield from the pay cut to a government fund. From the data that are presently available, which are still incomplete, it can be concluded that the collective wage agreement entered into should result in a net drop in wages of 1.4 percent for 1983 and an additional 2.5 percent for 1984, a shortening of work time by 1.4 percent, and some 44,000 new jobs. In analyzing actual growth, the government has up to now been dependent on figures from business and industry. According to these data, employment has risen 1.5 percent in small and medium-sized firms and 2.4 percent in those large firms that entered into an agreement. However, this gain was to a large extent offset by a loss in jobs in large firms in which no agreement was reached. The loss of jobs was particularly heavy in the construction industry. All in all, the government is starting from the assumption that between December 1982 and December 1984 not an increase, but rather a decrease, in employment in private industry of about 15,000 people will take place. According to official reasoning, this decrease would have come to 70,000 if the cyclical effect alone had been in force. The difference is being credited to the program of work time. The flow of money into the national employment fund has turned out to be a weak one; because of numerous exceptions and inadequate enforcement of the provisions, it was able to take in all of 300 million Belgian francs. Although the data certainly merit a closer analysis, it can already be concluded that the high goals set forth have not been achieved by far. Still, an extension of the program is not out of the question, in case the current negotiations between management and labor fall through.

#### Differentiation Between Work Time and Operational Time

Most recently, Belgian Minister of Labor Hansenne has been promoting more intensely projects which, through differentiating between work time and operational time, are supposed to increase employer profitability and at the same time have a positive effect on employment. The most striking thing about these "Hansenne experiments" realized thus far is that work time is reduced with full wage compensation. As a result, various patterns have been developed which all represent departures from established provisions of labor law. The most basic changes involve the introduction of two additional shifts, each lasting 12 hours, on Saturday and Sunday which are appended to the otherwise

unmodified work week. The newly-hired employees receive the entire standard wage for the 24-hour week that they work on the weekend. This formula has been realized, for example, by Philips in a Belgian branch plant. In a more complicated form, work is carried out for 37 hours on 4 work days instead of the conventional 39 hours on 5 work days, which is combined in certain groups with work on Saturday. In spite of the shortening of work time, operational time increases to 55.5 hours. Full wage compensation is granted here as well. Through this, labor demands appear to be met in essence. The rule, according to which the higher cost of the labor variable leads to the accelerated substitution of it by capital, apparently does not apply here; on the contrary, with higher pay rates, more of the work force is employed than before. Why are individual firms entering into agreements that were rigorously rejected during sectorial negotiations? The explanation lies in the fact that the expansion of operational time without the enlargement of capital stock brings about an increase in capacity with positive marginal earnings, which provide the maneuvering room for higher hourly pay. The confrontation concerning the apportionment of the added value between capital and labor, which was ultimately what was at stake in the 35-hour week, is thus defused. At the same time, however, it is also clear that these projects represent an exceptional case, insofar as they involve firms with a practically unlimited sales potential and a large amount of fixed capital which has up to now not been used optimally. The greater the capital resources, the greater the reduction--it stand to reason--in average capital costs if operational time is lengthened.

Hungarian economist Palasthy, who works in Belgium and to whom Hansenne refers, represents the view that a decisive blow against unemployment can be carried out through the general modification of individual work time while lengthening operational time. To summarize, he reasons as follows: in lengthening production time while shortening individual work time, the number of workers per job, reduced to Belgian proportions, could be doubled. Persons up to now unemployed could work, even though at the same time unprofitable machinery would be removed from production. An expansion in capacity together with a considerable rise in productivity would result. The state could save subsidies on unprofitable jobs. At the same time, a more even distribution or "dilution" of work on the time axis would reduce social costs, since peaks in energy use, modes of transportations, etc., would be evened out. The catch to this plan, which has a tinge of the fantastic to it, is that it only works if it is realized throughout all of society. Otherwise the overall practical gain does not occur. Moreover, partial realization would result in not much more than a refined form of shift labor.

Nevertheless, the experiments, which are remotely based on Palasthy's ideas, can be viewed with interest. They represent one of the few examples in which the starting points of both negotiating parties are addressed. The danger does exist that such projects will always come to be only the preliminary stage for a lasting increase in capacity through new investments intended to save labor; thus, that it will come to mean the bridging of an intermittent bottleneck. At the same time, the price of increased flexibility, paid in social drawbacks such as weekend work, must be taken into consideration. The experiences in Belgium and Holland at least show that the concept of shortening work hours encompasses very different processes. A clear differentiation can only be of help in assessing the consequences.

## ECONOMIC, TECHNICAL COOPERATION WITH SYRIA REPORTED

Athens I KATHIMERINI in Greek 7 Aug 84 p 7

[Text] The project for a railroad-ferryboat connection between Greece and Syria, specifically from Volos to Latakeia will be promoted in 1984 and 1985 so that the line will be in operation in 1986.

This was decided during the fourth ministerial Greek-Syrian meeting for economic and technical cooperation held in Damascus, according to Deputy National Economy Minister K.Vaitsos who headed the Greek delegation.

Specifically, the two delegations agreed in Damascus to have within 1984 a meeting of the Greek and Syrian ministers of transportation and at the same time to activate a specialized technical committee with specific proposals for the immediate start of the related activities.

It was also agreed by both sides to set up a joint Greek-Syrian company to utilize, coordinate and supervise the project. Vaitsos said that the meeting discussed the purely commercial relations between the two countries. The Syrian side expressed interest in buying from Greece foodstuffs, citrus fruits, cereals, chemicals, pharmaceuticals, paper, appliances, aluminum products, steel and building materials. Greece is interested in buying from Syria mostly petroleum, certain chemicals and salt. The necessary contracts will be signed in September.

The two delegations discussed also the existing possibilities for establishing joint Greek-Syrian companies in the area of foodstuffs, refrigerated trucks, metal silos, furniture and health centers. At the same time they examined the possibilities for the cooperation of Greek technical companies for the construction of land reclamation projects in Syria.

7520

CSO: 3521/331

## BRIEFS

EEC ACCUSATION--The European Commission accuses Greece that it continues to apply a law which is contrary to its commitment to EEC. This is a 1939 law related to the protection of national currency. Under this law all accounts of legal or natural persons located in another member-country of the Community are blocked in Greece and, therefore, it is not possible to take out of the country an equal sum without the approval of the National Bank of Greece. The European Commission notes that under the terms of the admission act [to the EEC] these blocked accounts should be freed gradually in six annual installments after 1 January 1981. In the view of the European Commission Greece did not live up to its commitment always and for this reason it is contemplating to take the case to the European Court. [Text] [Athens 1 KATHIMERINI in Greek 10 Aug 84 p 7] 7520

CSO: 3521/331

## FOREIGN DEBT NOW ESTIMATED AT OVER 60 PERCENT OF GNP

Reykjavik MORGUNBLADID in Icelandic 10 Aug 84 p 4

/Article: "Central Bank Says Foreign Debt Heading to 62 Percent of GNP: 'We Have No Other Opinion on That at This Time,' Says National Economic Institute Director Jon Sigurdsson"/

/Text/ "We are familiar with the Central Bank estimates on the proportion of foreign debt of the GNP and we do not have another opinion on the matter," said National Economic Institute Director Jon Sigurdsson, among other things, when MORGUNBLADID reporter asked him whether the National Economic agreed with the estimate of the experts at the Central Bank that the proportion of foreign debt was heading for 62 percent of the GNP this year.

Sigurdsson said also that no new calculations or estimates on this proportion were to be expected from the National Economic Institute until the end of September or beginning of October when the government will present the National Budget proposal.

Moreover, Sigurdsson referred to the National Economic Institute publication "Extract from the National Economy," published early last month, which contains a forecast from last May to the effect that foreign debt would amount to 60 percent of the GNP by the end of the year might be underestimated rather than overestimated when keeping in mind that estimates for new foreign borrowings by private parties are extremely uncertain.

9583

CSO: 3626/37

## BRIEFS

UNEMPLOYMENT REGISTERS INCREASE--The number of unemployed increased by 3,300 during July. At the end of the month almost 65,000 people were registered unemployed. This corresponds to 3.8 percent of the workforce. A new increase was expected in August when youngsters who cannot get a job or get into secondary schools register for unemployment. An important reason for the unemployment rise in July was that a series of labor market efforts were introduced. A welcome feature in the labor market is that the economic upswing has decreased layoffs in industry by half within 1 year. [Text] [Oslo AFTENPOSTEN in Norwegian 4 Aug 84 p 3] 9583

CSO: 3639/145

## INVESTMENT SURVEY SHOWS BUSINESS DRIVE TO BE COMPETITIVE

Madrid ABC in Spanish 13 Aug 84 p 43

[Article by Jose Maria Cuevas]

[Text] Most Spanish business firms give priority to investing in better technology for productive equipment, especially in the industrial sector, reveals a study carried out by the Spanish Confederation of Business Organizations (CEOE). Less than a third of investments were aimed at expanding productive capacity, and not all investments created jobs.

Forty-four percent of the businesses polled indicated that the preferential goal of investment is better technology in productive equipment; 27 percent said it is equipment replacement; and 29 percent said it is the expansion of productive capacity. These percentages, according to the business organization, are very similar to those found in previous studies, and "reflect businessmen's concern for improving their competitiveness and keeping up with the current trend of rapid technological development."

This concern is very widespread, and the fact that most investment is aimed at optimizing firms' technical facilities is common to all economic sectors and all sizes of business, although the trend is somewhat more noteworthy in industry and in companies with more than 100 employees. In contrast, in the services sector and in companies with fewer than 100 employees, there is a relatively greater orientation toward the expansion of productive capacity.

As for the effects of investment on employment, the survey indicates that in 83.1 percent of the businesses that make investments, these investments have not created jobs. Only in 27 percent of the cases were jobs created, which means that for the 29 percent of businesses whose expressed investment preference was to expand productive capacity, that expansion did not always result in the appearance of new jobs.

In the sector-by-sector comparison, employment mobility caused by investment was significantly higher in the services sector than in industry in the first quarter of 1984, due to the increase in investment, with greater attention to productive capacity, and a drop in the cost of investment per job. For similar reasons, that mobility increases as the size of the business drops: in firms with up to 30 workers, the number of jobs grew by 6.5 percent for every

1,000 workers hired; in companies with 101 to 500 employees, the difference between jobs created and jobs eliminated was nil; and in firms with more than 500 employees, there was a decline of 1.2 per thousand.

In addition, the survey studied the financial situation. The larger firms appeared to have a greater dependence on external resources, compared to the smaller ones. The industrial sector, in general, seemed to exhibit the same trend in comparison with the services sector. The extremes seem to be companies with fewer than 30 workers in the services sector on one end, and industrial firms with more than 500 employees on the other.

The analysis of the structure of external resources reveals a growth in their utilization of 5.2 percent in the 12 months between March 1983 and the same month of this year. The growth of short-term resources, from 39.5 percent of internal resources in March of last year to 47.6 percent 12 months later, is particularly noteworthy. Similarly, medium- and long-term financing fell 2.9 points, which "clearly reveals a decline in the area of credits and loans," according to the CEOE. Financing for less than 1 year has reached 75 percent of the total.

As for the cost of external resources, in the first quarter of 1984 the most salient development was the containment of the upward trend noted in previous years; the figures for that period and the same period of 1983 were practically the same, even declining by a few tenths of a point for short- and long-term credits. "The availability of credit on the free market, with the constant drain of resources toward the administration to meet its huge deficit, does not appear to favor a drop in interest rates," the CEOE warns, however; "but it should be noted that the high level of these rates at this time does not stimulate a reactivation of productive investment, nor is it profitable for many businesses."

Effects of Investment on Employment  
(per 1,000 workers hired)

	1st Quarter 1984	3rd Quarter 1984	1st Quarter 1983
Jobs created	4.4	3.9	13.9
Jobs eliminated	1.4	1.9	6.5
Difference	3.0	2.0	7.4
Firms that invested without effect on number of jobs (%)	83.1	80.0	—
Amount of investment per job created (millions of pesetas)	16.6	15.8	13.2

8926

CSO: 3548/323

## 'RESTORATION OF CONFIDENCE' SEEN KEY TO SOCIAL PACT

Madrid ABC in Spanish 27 Jul 84 p 11

[Text] The conversations between the government, the Confederation of Enterprises and trade unions are continuing. What separates the positions of the employers from those of the two trade union confederations is, regrettably, not a matter of degree but fundamental questions.

The government trade union proposes that the central and local governments create 200,000 jobs. And it announces that it will accept wage restraints only if they result in a policy of duly quantified and agreed employment. The Confederation of Enterprises maintains that the creation of jobs and a way out of the crisis will be accomplished only through a threefold commitment: flexibility in hiring, reduction of the public deficit and lowering of interest rates.

We are not going to compare what cannot be compared. However, yesterday we explained on this page how, in the month of June alone, the United States had created 460,000 new jobs: the fact serves as an example for the whole industrial world. There is an unavoidable principle behind this: jobs cannot be created artificially nor can recovery be organized on a false base. In 1981, Mitterand tried to promote consumption contrary to the law of supply and demand and the attempt resulted in a spectacular decline and three devaluations.

If we are to create new jobs and find a way out of the crisis, it is indispensable that new legislation be promulgated that would facilitate the promotion of initial employment immediately. It is youth that suffers most from unemployment and there is no need to point out the dangers in this situation. Greater flexibility in hiring to facilitate initial employment would result in creation of the 200,000 jobs that the socialist trade union wants to create by having recourse, mistakenly, to the public sector.

The two large trade unions accuse the CEOE of wanting to replace fixed employment by seasonal hiring; but they forget that in the FRG, Switzerland and Japan, there is seasonal hiring and an unemployment rate of less than 2 percent, while in Spain, with fixed employment, we have an unemployment rate of 15 percent, the highest in the developed world. They forget that, since 1975, 1000 firms have gone out of business in our country. And they try

to overlook the fact that it is lack of confidence, investment disincentives and the drying up of credit (with interest at 20 percent) that have brought us to this pass.

It must be said that this is not in the party's interest, putting aside ideological questions: the two trade unions are mistaken in proposing the creation of unneeded jobs. Two hundred thousand new government jobs would create new fiscal pressures, which, in turn, would result in new bankruptcies and hundreds of thousands more unemployed. There is only one predominant need: to restore confidence. To restore the collective belief that we can make progress. And this requires that the market be able to operate.

If we succeed in securing respect for the law of supply and demand, small and medium-sized firms will create half a million new jobs in 2 years.

12336

CSO: 3548/303

## INDUSTRIAL PROFITABILITY UP AS RECOVERY CONTINUES

Stockholm DAGENS NYHETER in Swedish 10 Aug 84 pp 1, 8

[Text] Last year, the profitability level of Swedish industry was at its highest level for a very long time. Last year even became somewhat better than the excess profit year of 1974. The automobile and forest industries accounted for the major part of the improved profitability.

According to the Swedish Central Bureau of Statistics, the profits of industry on total capital increased by nearly 3 percentage points to well over 11 percent. The rate of profitability was thus 1 percentage point higher than in 1974.

The transport industry, i.e., first and foremost, Volvo and Saab-Scania, shows the highest profitability rate. Last year, the food manufacturing industry, which now takes up the second place, was the most profitable industry.

Despite the favorable profitability trend, the rate of employment dropped by 3 percent. That corresponds to approximately 18,000 employees. Labor costs increased by 7 percent.

The rate of profitability on own capital doubled last year, increasing to 22 percent. During the record year of 1974, the figure, however, was 28 percent.

Solvency too, i.e. the longer-range ability of enterprises to pay, improved. The rate of solvency increased by 2.5 percentage points to 31 percent. The many new capital issues improved solvency by approximately 1 percentage point.

The improvements in profitability last year were solely associated with the very industrial production. On the other hand, yields on investments of enterprises, for example stock transactions, dropped somewhat. For the first time since 1974, productive capital gave higher yields than financial investments, the Swedish Central Bureau of Statistics reports.

Industrial investments remained at a low level last year as well, whereas financial investments increased. Liquid assets of enterprises increased by 18 billion kronor to 60 billion kronor.

The study of the Swedish Central Bureau of Statistics covers 1,400 enterprises, which corresponds to 90 percent of all industrial enterprises with upwards of 50 employees.

## GAS DE FRANCE 1983 ANNUAL REPORT

Paris LES ECHOS in French 12 Jul 84 p 14

[Annual report for 1983 by the French Gas Company]

[Text] The French Gas Company ended 1983 in a paradoxical situation.

On the one hand, the negative signs recorded in 1982 continued in 1983: the deficit for the year, which was increased by the reserves for foreign exchange losses, totaled nearly 2.4 billion francs, while total debt was up by 8.6 billion francs and foreign debt was up by 4 billion francs.

On the other hand, the firm's activity was again good. Sales during the year increased by an average of 6 percent, whereas they had declined in 1982. Gas stocks were nevertheless markedly higher due to insufficient flexibility in certain supply contracts, which prevented adjustments in keeping with the world economic situation.

All in all, the firm is solid despite external constraints which cannot last much longer.

Considering France as a whole, total natural gas supplies were up by 12 percent over the preceding year, representing 315 billion kWh in 1983.

Of that total, French production furnished 22.4 percent and imports provided the remainder, broken down as follows: 23.4 percent from the Netherlands, 8.5 percent from the Norwegian North Sea, 12.4 percent from the USSR, and 1.8 percent from the FRG. Algerian deliveries accounted for 28.3 percent of the total, and temporary miscellaneous sources provided 3.4 percent.

The quantities of gas purchased by the French Gas Company totaled 286.5 billion kWh, up from the 248.5 billion kWh purchased in 1982. At 286.3 billion kWh, natural gas continued to account for almost all of those purchases, just as it had in previous years.

The quantities of natural gas purchased in France were up to 41.3 billion kWh, compared to 36.9 billion kWh the year before. They accounted for 14.4 percent of the supply. Purchases of imported natural gas totaled 245 billion kWh, compared to 211.4 billion in 1982, for an increase of 15.9 percent.

Deliveries of Algerian gas, which had already increased markedly in 1982, were up by an additional 22.3 percent for a total of 89.1 billion kWh, or 36.4 percent of the quantity imported by the French Gas Company.

The year 1982 had been an important one as far as France's gas supplies were concerned. It had included in succession the conclusion of Franco-Algerian negotiations resulting in the delivery of an additional 5 billion cubic meters of gas annually, the conclusion of a basic agreement covering an additional purchase of Soviet gas, and the signing of a contract relative to Statfjord gas.

The year 1983 was a year for refining the various contracts. The detailed contract between SOYUZGASEXPORT and the French Gas Company was signed on 20 October. Negotiations concerning the contracts relative to the Heimdal and Gullfaks deposits in the North Sea were almost complete or underway. Small quantities of gas from Valhall were the object of a contract signed on 26 May. Lastly, the French Gas Company acquired the gas in the Trois-Fontaines deposit from EURAFREP and COPAREX.

Conditions for the transportation of some of that gas were also settled by the signing of long-term charter agreements involving the Algerian methane carrier "Ramdane Abane" and a contract with Gasunie stipulating the terms for transporting Norwegian gas through the Netherlands to France. A contract covering the movement of Algerian gas through France to Belgium was also signed.

Despite the 1-percent drop (adjusted for weather conditions) in the total consumption of primary energy--a drop linked to the stagnation of economic activity and energy conservation--the share of natural gas in the national energy balance continued to increase by nearly 1 percent.

In all, sales by the company and its subsidiaries totaled 275.2 billion kWh, while total sales of gas in France, including direct sales to customers by the SNEA (P) [Elf-Aquitaine National Company (Production)], totaled 286.2 billion kWh.

The breakdown of those total sales by sector was as follows:

Sector	%
Residential and tertiary sectors	50.2
Industrial sector	46.1
Electric power plants	0.5
Other sales and transfers	3.2

The quantities delivered by the French Gas Company itself, including deliveries to the French Methane Company, totaled 255.7 billion kWh for an increase of 6 percent.

Sales to the residential sector accounted for 39.6 percent of total sales, representing an increase of 8.4 percent in total and in sales to individual users and a rise of 8.5 percent in sales to collective users. Adjusting for weather conditions reduces those increases to the following: total sales: 3.4 percent; individual users: 3.5 percent; and collective users: 3.1 percent.

Sales to the tertiary sector, which includes business and community users, accounted for 14.4 percent of total sales, for an increase of 9.6 percent (5.4 percent after adjusting for weather conditions).

Sales to the industrial sector accounted for 38.9 percent of the total, representing an increase of 3.7 percent over 1982.

During 1982, the price of petroleum products expressed in dollars--especially that of crude oil--declined markedly. The favorable effect of that development on the purchase price of imported gas was countered, however, by foreign exchange developments, especially the strong rise in the value of the dollar throughout the year. In all, expenditures for the purchase of gas and raw materials rose by over 5 billion francs. The value of imported gas rose by 4.2 billion francs (3.4 billion as a result of the quantities purchased and 800 million because of increases in the unit cost).

Personnel costs, other operating costs, and expenses for central departments were up by about 856 million francs (12.1 percent). Depreciation and allocations to the reserves were up by 679.7 million francs (20.1 percent). Financial charges, which had already increased by 37.8 percent in 1982, were up by an additional 33.9 percent in 1983, reflecting an increase of 739.4 million francs.

The total increase in expenditure came to 14.9 percent or 5.5 billion francs, compared to 6.7 billion in 1982. Turnover rose from 34.8 billion to 40.7 billion francs for an increase of 16.8 percent.

As far as rates are concerned, the average level before taxes was increased by 8 percent on 1 April 1983.

While that increase was not enough to raise the sales price above the cost price, it did close part of the gap. The cost price rose from 14.76 to 15.93 centimes per kWh, while the average revenue per kWh sold rose from 14 to 15.36 centimes per kWh.

Lastly, the general operating account showed a deficit of 1,446.1 million francs, compared to 1,833.5 million in 1982, and the balance in the profit and loss account showed a negative figure of 2,384.3 million francs in 1983, compared to 2,560.3 million in 1982.

Gross cash flow was up by 1,406.3 million to 2,380.1 million francs. It represented 28.5 percent of total financing requirements, compared to 17.7 percent in 1982, 40.3 percent in 1981, and 43.5 percent in 1980.

The company's own net resources available for investment were negative for the second year in a row, and financing operations led to an increase in long-term debt amounting to over 6 billion francs.

From the financial standpoint, the French Gas Company's position remained as serious as it had been at the end of 1982.

But the French Gas Company's future depends more on future actions than on the effects of the past. An effort will have to be made to make the supply contracts

more flexible and thus limit the increase in inventories. Parallel with that, the French Gas Company should, in one way or another, be put in a position to bear all its costs, and its own efforts at management must be pursued relentlessly.

For the moment, and on those conditions, the company's equilibrium can be achieved. Prospects for the future are promising, considering that in many respects, the gas industry enjoys an enviable position worldwide: reserves are abundant, exploration is more active and more efficient, the resources are in a more favorable location, and, in general, the mechanism of price formation and developments in purchase prices are reasonable.

Provided that the industry's dynamics are maintained in a climate of greater rigor, natural gas will continue to contribute to a reduction in the country's energy dependence by diversifying the sources of supply, to improve the efficiency of energy utilization at the lowest cost through its specific uses, and to support by its development an industrial complex which provides almost the entire French market with the goods and services connected with it and which, thanks in particular to the French Gas Company's operations, is a sizable exporter as well.

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## BRIEFS

NO POWER PLANT CONSTRUCTION--Minister of Energy and National Resources E. Kouloumbis denied a report in the FINANCIAL TIMES that a power plant will be constructed in Greece by the Soviet Union and Finland. The report of the British newspaper said that the cooperation of our country in the energy sector refers to the construction of a natural gas pipeline through Bulgaria and the construction of power plants using coal or peat as fuel. The report states also that according to a feasibility report by a British firm the pipeline will be 670 kilometers long with a 24-inch diameter. It states also that there is a plan for three pressure stations enabling the pipeline to carry 3 billion cubic meters per year. The project is expected to cost 580 million dollars which may even reach 1 billion dollars if one is to include the cost of repaying the credits in 15 years. The FINANCIAL TIMES added that the Soviet firm "Soynzgasexport" is proposing to supply Greece with 2 billion cubic meters of gas annually. [Text]  
[Athens I KATHIMERINI in Greek 10 Aug 84 p 7] 7520

CSO: 3521/331

## EXPECTATIONS REGARDING NORWEGIAN SEA FIELDS INCREASING

Oslo AFTENPOSTEN in Norwegian 4 Aug 84 p 3

[Article by Morten Woldsdal: "Expectations Increase at the Haltenbanken: The Oil Adventure One Step Closer"]

[Text] The expectations for an early oil and gas development off the coast of Central Norway have increased considerably during the recent days. Despite a redoubling of the gas reserves--and a possible new oil find--not quite enough oil and gas have, however, yet been found to justify a profitable development.

There is, however, no doubt that a profitable development project cannot be too far away. The total reserves in the Haltenbanken field are almost equivalent to the Frigg field in the North Sea and is beginning to resemble the Oseberg field in size.

It is therefore not without a certain realism that within the oil community there is talk today about developing the Haltenbanken field before the Tromsflaket field in the extreme north. Total reserves at the Haltenbanken field are the same as for the Tromsflaket field--about 170 million tons of so-called oil units. The great difference between the two sites is that oil has been found at the Haltenbanken field--and not up north. With the enormous costs involved in a development north of Stad, the presence of oil might be the deciding factor for a profitable project.

## Tyrishans and Midgar

The Haltenbanken reserves are today divided between Statoil's Tyrishans oil find and Sags Petroleum's gas find which the companies want to name Midgar. Tyrishans contains 50 million tons of oil while the Midgar reserves were recently readjusted and more than redoubled to about 200 million tons of oil units.

Added to that is an oil find that seems to have been discovered by the A/S Norske Shell company in the Haltenbanken field. More and more signs indicate that this involves reserves that will definitely have to be figured into future developments.

"The total reserves at the Haltenbanken field are considerable and there are good possibilities of finding more," Deputy Director Egil Bergsager of the Norwegian Petroleum Directorate told AFTENPOSTEN. However, he cautions against great optimism in central Norway: "More must be found to justify development--especially oil."

#### Statoil Study

Sage Petroleum has been conservative in its discussions about the company plans for the Midgar find. Statoil, however, has repeatedly said that the company views in a positive manner a possible development of the Tyrihans site.

"We are presently conducting an evaluation of the possibilities for developing Tyrihans. The results of this evaluation will be available this fall," says Press Secretary Hakon Lavik. He says that the chances are good that Statoil will readjust the reserve estimate in the Tyrihans site on the basis of this evaluation. The drilling operations by Statoil and Conoco that will begin later this fall may also increase the reserves in the rest of the Haltenbanken field.

#### Tromsoflaket

Tromsoflaket has earlier been designated as the area for the first development project north of the 62nd parallel. The question today is whether the Haltenbanken field will be the first to experience the oil adventure.

So far, gas has been exclusively found in the so-called Troms I site at the Tromsoflaket field. Reserves are estimated to be 170 million tons of oil units divided between Statoil's Askeladden field and Norsk Hydro's Albatross field.

"These reserves are far too small to justify pipelines through Scandinavia to the European markets," maintains Hakon Lavik. He says that at least three times as much gas must be found in order to create a basis for such a pipeline which Sweden has been especially keen on having run through the country.

Egil Bergsager of the Norwegian Petroleum Directorate underscores that it therefore is not realistic to expect any large scale oil production in the extreme north before the turn of the century.

Statoil is not quite as pessimistic. Currently the company is evaluating the possibilities of developing the Askeladden site--not based on the pipeline, but on a so-called LNG-solution Liquified Natural Gas. That means that the gas would be transported to the continent through smaller pipelines. On land it will be cooled down to the extent that the gas becomes liquid before it is loaded on board tankers and freighted to the U.S., for example.

#### "The State Must Help"

Such a project will, however, not be profitable unless the state provides assistance, thinks Statoil. The company has therefore launched a proposal to

the effect that the state should underwrite the expenditure incurred in laying a pipeline from the Tromsflaket on shore. This investment will amount to approximately 18 billion kroner. According to the Statoil company, both the oil companies and the state will profit by such a solution.

"Today, there is not enough gas in the Tromsflaket for development if traditional ways of thinking are followed. There are not many indications that much more gas will be discovered in the coming years," says Hakon Lavik. He maintains that the only possibility at this time to launch the development project up north before the year 2000 is if the state provides assistance.

Although the Tromsflaket development may be far away--the Haltenbanken development perhaps is not quite so far away--neither Egil Bergsager nor Hakon Lavik are disappointed over the drilling results north of Stad. Both think that the blocks that will be allocated during the ninth concession round late this year and during the tenth round in 1985 and 1986, can yield new and promising discoveries. The expectations for the tenth round are particularly high.

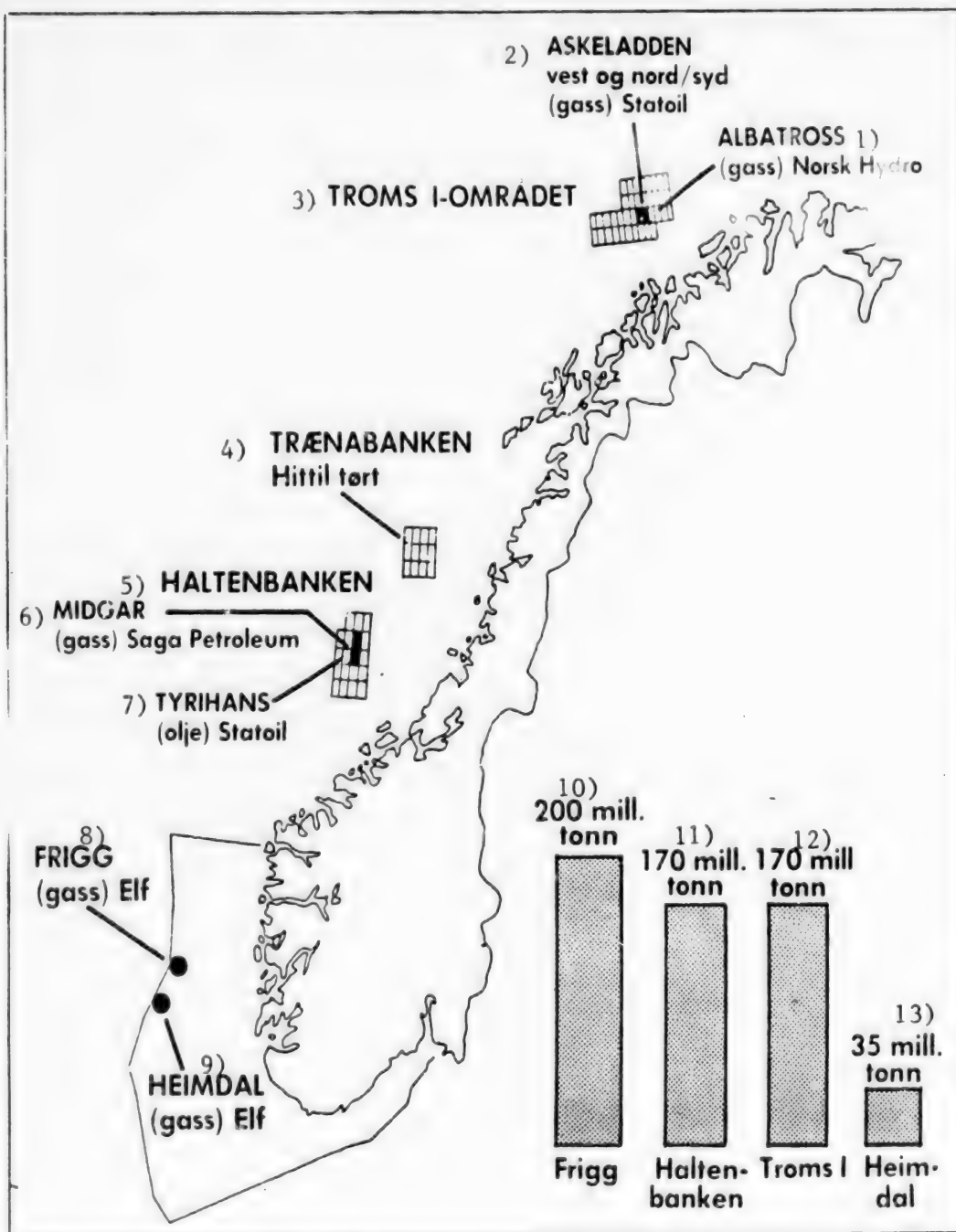
#### High Discovery Frequency

The first drilling operation north of Stad was undertaken in 1980. According to Hakon Lavik, the discovery frequency on this enormous site--which is almost three times as large as Norway proper and six times as large as the North Sea--is fantastically high on worldwide basis.

Almost half of the approximately 30 drilling operations being conducted north of the 62nd parallel have yielded finds. In 4 years, enough gas has been discovered in the Tromsflaket alone which measured in electricity will be able to serve Norway's total power needs for more than 10 years.

In comparison, it took 4 years and over 30 drilling operations before the first adequate discovery was made in the North Sea.

On this basis it is only natural that the oil companies, the central authorities and especially the local regions have great expectations that the oil adventure everybody is waiting for will happen north of Stad. After 4 years of oil activities in the north expectations will, however, become somewhat more realistic. Increasingly, people are realizing that an oil adventure does not happen overnight. A long time must pass after discovery before production can begin--and a larger discovery is needed up north than in the North Sea in order for it to be a profitable development.



Map Caption:

- 1) ALBATROSS (gas) Norsk Hydro
- 2) ASKELOADDEN west and north/south (gas) Statoil
- 3) Troms I-Site
- 4) Traenabanken So far dry
- 5) Haltenbanken
- 6) Midgar (gas) Saga Petroleum
- 7) Tyrihans (oil) Statoil
- 8) Frigg (gas) Elf
- 9) Heimdal (gas) Elf
- 10) 200 million tons
- 11) 170 million tons
- 12) 170 million tons
- 13) 34 million tons

## PAPER VIEWS ENERGY CONSUMPTION, SUPPLY POLICIES

Stockholm SVENSKA DAGBLADET in Swedish 20 Jul 84 p 2

[Text] The use of energy is going up and down in the world. In developing countries it is increasing rapidly--for the most part, however, not near as rapidly as it should to provide inhabitants with tolerable living conditions.

In the industrialized part of the world, the picture is more divided. Among the OECD [Organization for Economic Cooperation and Development] countries, there are many that can show a robust increase in total energy use during the last decade. But there are also many that show a considerable decrease. Sweden belongs to the latter group.

But there is a trait common to all the OECD countries as well as to most of the developing countries: the consumption of electrical energy is on the increase.

In Sweden total energy consumption in the consumer sector was 12.5 percent lower in 1982 than in 1973. This is usually regarded as a flattering picture of how efficient we have been in saving energy. This picture, however, is considerably more complicated than it might seem.

At the same time that our total energy use decreased, our use of electricity increased appreciably. The proportion of electricity in the total energy consumed has thus increased. In Sweden this proportion has climbed from 16.5 percent in 1973 to 24.7 percent in 1982.

This might appear to be a rather uninteresting exercise in numbers. But that is not at all the case. The numbers bear a correlation that has not been sufficiently considered up to now in energy policy.

As a matter of fact, it is the increased use of electricity that has made possible the great savings in total energy expenditure.

The reason for this is that electrical energy is of such higher quality than other forms of energy. If in the consumer sector a unit of oil energy is replaced with electricity, not the same but a smaller unit of electricity would be expended. One kilowatt hour of electricity replaces more than one kilowatt hour of oil combustion.

For this reason, "oil substitution" is not only a matter of exchanging oil for electricity; it is also a matter of saving energy. This is true of course if the electricity is not generated by an oil-burning power plant. But we in Sweden are not devoting ourselves to this type of electricity production; we are using water power and nuclear power.

One can draw several conclusions from this fact. One is that the potential for reducing reliance on oil is definitely better than what is usually assumed. By using a little more electricity a disproportionately greater amount of oil can be saved.

A second conclusion is that the rigid attitude toward electrical heating--originating, for one thing, from the unfortunate reverse of line 2--does not reflect good energy policy. In practice this means that one should not indiscriminately concentrate on coal or oil-fired remote heating plants. In many instances it is better to replace the small oil furnaces in homes with electric heating.

A third conclusion is that the much-discussed energy savings are not so particularly remarkable. Energy consumers have not reduced their real energy consumption as much as once believed. What they have done is to stop some of the energy wastefulness resulting from using oil rather than higher-quality electricity. Therefore, one should not count on savings coming very easily in the future either, other than in the sense that has been so successful up to now, i.e., by substituting the use of electricity for combustion. Great gains in savings can be made yet in this way.

An overall conclusion is that a good and reliable supply of electricity is a prerequisite for a promising campaign against oil dependence and for good energy economy.

We all know from what sources this supply can be acquired.

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## ENERGY AGENCY PLANNING CHIEF CITES OIL CONSUMPTION DROP

Stockholm SVENSKA DAGBLADET in Swedish 7 Aug 84 p 3

[Op Ed Article by Karl Axel Edin, planning chief at the State Energy Authority and chief secretary of the 1981 energy committee on nuclear power development]

[Text] "Discontinue the ostrich-like policy" is the title of a small book on some industrial leaders' view of the energy policy. The title of the book will probably have to be interpreted in such a way that politicians, like ostriches, hide their heads in the sand to avoid seeing reality, and that it is the present energy policy and not the use of nuclear power which has to be discontinued.

The general theme of the book is that the decision to discontinue nuclear power in Sweden is a big mistake. Such a view, of course, has to be respected. The fact that the Swedish parliament has decided to discontinue nuclear power will not, of course, prevent anybody from giving expression to a different opinion.

What, however, surprises one when reading the book is that the industrial leaders have so quickly forgotten the trying energy policy situation in Sweden in the seventies which culminated with "Harrisburg" 5 years ago. The leader of the nonsocialist bloc and the prime ministers of two governments had staked a large part of their personal and the party's prestige on the demand that nuclear power would have to be discontinued already in 1985, thus next year.

## Political Competence

In connection with the referendum, that party moved the date of discontinuation up to 1990. Both the Social Democrats and the Liberal Party suffered convulsions in connection with the nuclear power issue. The political decision-making process had become partly paralyzed. Among business leaders, it is only the head of SKF [the Swedish Ball Bearing Company], Lennart Johansson, who gives expression to a certain amount of appreciation of the political problems caused by this situation and of the decision of the politicians to submit the nuclear power issue to a referendum.

What industrial leaders regard as political mistakes in the nuclear power issue may equally well be regarded as political competence in handling a very difficult issue. For there was actually a risk, if one looks at it from the point of view of the nuclear power advocates, that the politicians would have ended up in a situation where they would be forced to discontinue the expansion of the

nuclear power facilities and perhaps even dismantle the reactors that would have been built even in 1990. It is easy to be wise after the event and to say that that risk was exaggerated.

### Satisfactory Result

The result of the referendum has been that Sweden has continued expanding its nuclear power facilities so that nuclear power within a couple of years will account for 40 percent of the power production. The decision by the Swedish parliament is to the effect that nuclear power may be utilized till the year 2010, i.e. at least during the major part of the lifetime of the plants and that no new nuclear power plants will be built. However, it would hardly have been likely for any new nuclear reactors to be built in Sweden for quite a long time in the future.

Already before the construction of the last two reactors was started, it was clear that the production capacity for power would be more than sufficient to cover the needs of the eighties. When we would need a larger capacity sometime in the nineties, the power plants would probably have chosen to expand their coal power, regardless of the decision by the Swedish parliament, for the purpose of providing a more varied production system.

The decision by the politicians on nuclear power, therefore, will hardly have any practical consequences, as far as the expansion of the power supply system is concerned, until, at the earliest, the latter part of the nineties. To those who find that nuclear power is nice, this as well as the fact that Sweden is one of the countries in the world which has the highest share of nuclear power would probably be quite a satisfactory result.

### Little Significance

The heat producing nuclear reactor SECURE is one of the most commonly used subjects when the business sector gives its view on the energy policy. In addition to the head of ASEA, Percy Barnevik, there are several people who deplore the fact that the politicians included SECURE in the ban on the construction of new nuclear reactors.

Here, one may, however, also ask oneself the question what would have happened if the political restriction had not existed. In contrast to the ordinary nuclear power plants, the purely economic conditions for SECURE have from the very beginning been uncertain.

The actual situation at present is, however, that nearly all of the municipalities which would have been considered at all for SECURE have converted, or are in the process of converting, their district heating plants for coal, peat and heat pumps. Here, it may hardly become topical to install SECURE at least in the course of the next 20 years when the recently built plants will be working well.

Even if one finds that SECURE with its elegant technical construction has many advantages, and even if one does not like unnecessary political

restrictions, one may ascertain that the political decision on SECURE, at present and for a long time in the future, in practice, will have little impact on the future of the reactor.

#### Prices Depressed

The head of the Boliden mining company, John Dahlfors, deplores the fact that the issue of uranium mining in Sweden could not be discussed unconditionally. The decisive and still the most uncertain question with regard to the mining of uranium, however, is concerned with the purely economic aspects. Is mining of uranium from the Swedish shale strata with their low uranium content profitable?

At present, there is a worldwide surplus capacity due to the fact that the demand has previously been overestimated. Prices are depressed. Several of the most recently opened uranium mines in the world exploit ore with a considerably higher uranium content than the Swedish uranium ores. It would be surprising if anybody today can produce a calculation showing profitable uranium mining in Sweden.

Also in this case, the political resistance, therefore, probably plays no role in practice. One may possibly draw the conclusion from the examples mentioned here that in difficult matters, politicians choose to ban an activity which practice has shown cannot be carried on profitably. In that way, it is possible to oppose opinions without too high costs.

#### Result of Surplus Capacity

Of the business leaders referred to in the book, all except for Pehr Gyllenhammer warmly advocate hydroelectric power plant expansion. It is indicated to be a condition for our ability, also in the future, to have access to low-cost power in Sweden. And low-cost power is important for the competitiveness of industry. This is a popular theme within the trades and industries.

It may seem plausible to claim that with inexpensive hydroelectric power, power prices will become low. However, the association is not all that simple. The claim is almost equally smart as saying that, for example, in Kuwait where it is possible to produce oil at a cost of perhaps 30 kronor per ton, they will have to sell the oil at that cost as well, in spite of the fact that the oil is worth approximately 1,500 kroner per ton in the world market.

The present low power prices in Sweden are primarily a result of the fact that we have a surplus capacity in our power production. It pays to replace oil by electricity. At present, the consumption of electricity is increasing very rapidly for this reason. If the consumption continues to increase, and there is much to indicate that it will, the surplus situation, however, will cease to exist and power plants will have to operate at a higher cost and will gradually have to build new ones.

## Unrealistic Hopes

The present situation with low electricity prices, therefore, is very likely to be accidental but may continue to exist for several years to come. Sooner or later, electricity prices will have to increase in order for power enterprises to have their costs of the most expensive power plants covered, i.e. their marginal costs.

If electricity prices are not based on the most expensive power plants, who will cover the losses of these plants? An expansion of the hydroelectric power capacity may, at the most, cause the increase in electricity prices to become delayed for some years.

The hopes of the business sector for constantly low electricity prices in Sweden, therefore, seem unrealistic. The fears of the horrors to which Swedish industry may become subject if electricity prices increase, also are exaggerated. It is not only the energy policy which is marked by the ostrich behavior. It is also the business sector.

## Well on Its Way

It is not difficult to find certain errors or mere stupidities in the energy policy. Business leaders, too, have drawn the attention to some of them. However, just as Gyllenhammar claims that Volvo must not be judged on the basis of the billions of kronor of losses in the Swedish Trade Council but on the basis of the total result of the enterprise, it may be claimed that the energy policy would have to be evaluated on the basis of the total result and not on the basis of certain mistakes.

In summary, it may be concluded that Sweden is now well on its way to solving the huge energy problem, viz. the high oil consumption. The oil consumption will soon be close to half of what it was only some years ago. The major force behind this change, of course, is the oil price increase.

However, the efforts on the part of the state have also contributed greatly to expediting the conversion. The support of energy saving measures in homes is one example; the earlier expansion of district heating facilities, which was encouraging from an energy policy point of view, is another example. The expansion of nuclear power facilities is largely a result of deliberate efforts on the part of the state.

## Progressive Policy

Compared to the majority of other industrialized countries, Sweden has a well-functioning energy supply system, which, moreover, lends itself well to future expansion. Among the issues taken up by business leaders, it actually is only the liquidation of nuclear power facilities which, in their view, is a mistake. However, on the other hand, it will be a long time before "that mistake" will have any practical consequences.

Seen in a longer and international perspective, the Swedish energy policy has been successful, and it, definitely, has been better than its reputation.

The paradox of the situation, however, is that it actually is not the critics within the business sector and in other quarters who have contributed most to creating the image of an unsuccessful energy policy, it is the politicians themselves. They have loved to bring out the more bizarre and controversial but, at the same time, insignificant issues and proposals and have thus created the impression of deep schism and stupidity. Instead of drawing the attention to the positive aspects of developments, they often have stressed negative aspects and, with exaggerated zeal, have been searching for problems with magnifying glasses or have created problems which actually are no problems.

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